



Daily Report

Latin America

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International Affairs: Panama Official at Rio-EU Summit

PY1604153196 Madrid EFE in Spanish
0147 GMT 13 Apr 96

[FBIS Translated Excerpt] Cochabamba, Bolivia, 12 Apr (EFE) — The rejection of the criminalization of drug producing countries and the worsening of the embargo against Cuba are two of the positions Panama will defend during the meetings of the Rio Group and EU in Cochabamba.

Salamin Marcel, head of the Panamanian delegation in Cochabamba, stressed that there is unanimity in Latin America against practices that violate the freedom of international trade and those that try to impose diplomatic and political positions on other countries. [passage omitted]

The chief of the Panamanian delegation acknowledged the importance of the drug trafficking problem within relations between Latin America and Europe, although he indicated that "we do not want to narcotize our relations with Europe, we do not want it to become the only reason for our relations."

He said: "I believe this is very clear in the policy of the EU, and there is complete agreement, for example, on the principle of shared responsibility and the belief that the demand and consumption of drugs is acknowledged as the generator of production."

After highlighting Europe's interest in alternative development, Marcel said: "We must implement this attitude within Inter-American relations." This is quite different from the ideas of those who center their attention on repression and who hold producer countries responsible for the activities of drug traffickers.

The Panamanian diplomat said: "Recriminations and penalization only favor drug traffickers, who take advantage of our confrontations, disagreements, and lack of communication, while they navigate freely and fish in troubled waters."

International Affairs: Mexican Official at Rio-EU Summit

PA1604161896 Mexico City NOTIMEX in Spanish
2318 GMT 15 Apr 96

[By Ricardo Hernandez]

[FBIS Translated Text] Cochabamba, 15 Apr (NOTIMEX) — A Mexican official has warned that Mexico will not support any country that tries to enforce laws like the Helms-Burton law beyond its own borders, adding that this particular law proves "a very serious problem."

Mexican Foreign Secretary Jose Angel Gurria told NOTIMEX on 15 April: "We have made ourselves very clear in our rejection of and objection to any legislation that one country approves and then tries to enforce in other countries." Gurria, attending a meeting of Rio Group and EU ministers, said that the Helms-Burton law "regrettably is extraterritorial in nature" and violates international law.

The Helms-Burton law reinforces the U.S. embargo of Cuba, including authorization of lawsuits against those who "trade" in goods confiscated on the island. This measure will come into effect in August, although the executive can request a six-month extension. This law violates WTO and NAFTA guidelines. "No one expects that it will come into force as it would prove a very serious problem for all countries, including the United States," Gurria said.

Interviewed during the opening of the ministerial meeting, the most important in Bolivia's diplomatic history, Gurria said that the United States would face broad opposition if the Helms-Burton law is enforced fully. Gurria said that the United States would face the opposition of the EU, Canada, Mexico, the Caribbean Common Market (Caricom), and the Rio Group, pointing out that one passage of the draft Cochabamba Declaration rejects the extraterritorial nature of laws. The draft declaration, which the ministers will sign on 16 April and to which NOTIMEX has access, alludes to the Helms-Burton law indirectly, despite consensus on the rejection of legislation of an extraterritorial nature. The seven-page draft firmly rejects any unilateral measure with an extraterritorial nature that violates international law and the free trade laws accepted by the international community.

Gurria also referred to negotiations between Mexico and the EU on a trade agreement, a project that has received the decided support of the 15 EU members. "The EU is still considering the negotiations. Negotiation guidelines have yet to be approved. We expect to open political and commercial talks in a few months," he said. Gurria noted his country's interest in increasing trade with Europe because in 1995 and due to the financial crisis, Mexico reported larger trade with the countries it has commercial agreements with while exports to the rest of the world declined. "The course ahead is very clear. These agreements are a way to maintain stability and trade," Gurria said. He added that the EC seeks details on the characteristics that the negotiation mandate with Mexico should have. He said that the EU heads of state have clearly pronounced themselves in favor of an association agreement with Mexico and now discuss the characteristics, times, and form of this negotiation.

Asked about an initiative on a world counterdrug conference in 1998, Gurria expressed confidence that the 39th period of sessions of the UN Commission on Narcotic Drugs (which will open in Vienna on 17 April) will approve a resolution that will make it possible to hold this conference. "This is the desire of countries in the region for better cooperation and coordination and to deal efficiently with the phenomenon of drug production, traffic, and consumption because the problem must be dealt with on all fronts," he said.

International Affairs: Italy's FM at Rio Group-EU Summit

PY1604151696 La Paz TVB Television Network
in Spanish 1100 GMT 16 Apr 96

[Report by Marcela Martinez]

[FBIS Translated Text] Susana Agnelli, Italian foreign minister and chairpersons of the EU Council, has said the establishment of an enhanced and fluid dialogue between the Rio Group members and the EU on the problem of drug trafficking cannot be postponed. It must be used to build a new space within the complex ties between the two regions. This will enable a broad and frank dialogue without placing any strings or economic and social implications on this phenomenon.

[Begin recording] [Agnelli] The EU is interested in cooperating heartily with Latin America in the struggle against drug trafficking because it is an inter-connected problem, rather than an exclusive problem facing Latin America, where drugs are produced. Countries where drugs are consumed and where drug cartels are organized should become involved. It is, therefore, most important that we should reach agreement on this subject.

[Unidentified reporter] Has a consensus been reached on holding a conference on drugs in two years' time?

[Agnelli] Yes, a broad consensus was reached and that subject will be included in the final declaration. [end recording]

The need for this dialogue is underpinned by the multinational nature of the phenomenon of drugs and the negative impact of drug trafficking and use on both Latin America and the EU. The economic, political, and social implications of this problem should be addressed by adopting a global approach and joint actions at both consumer and producer centers. On the understanding that relations between the blocs are based upon the idea of shared responsibility, Latin America and the EU want to tackle the problem from an integral standpoint.

International Affairs: Colombia's Cardona at Rio-EU Summit

PY1604223196 Madrid EFE in Spanish
1833 GMT 16 Apr 96

[FBIS Translated Text] Cochabamba (Bolivia), 16 Apr (EFE) — Colombian Foreign Vice Minister Diego Cardona emphasized today that the U.S. "decertification" of drug enforcement in Colombia merely represents "a bothersome issue" that will not affect the Colombian economy.

Cardona played down the importance of the suspension of his country's Generalized System of Preferences (GSP) advantages in its trade relations with the United States and the U.S. decision to vote, in international financial organizations, against the approval of assistance to Colombia.

"It will merely be a vote against us," Cardona said. He also explained that the assistance is primarily allocated for balancing the balance of payments or financing the foreign debt, which, in his opinion, are two requirements that are not essential for Colombia.

The Colombian foreign vice minister represented his country at the Sixth Institutionalized Meeting of Rio Group-EU Foreign Ministers, which was closed today in the Bolivian city of Cochabamba.

Cardona participated in this meeting, replacing Colombian Foreign Minister Rodrigo Pardo, who canceled his participation at the very last minute. Pardo has been charged with being involved in the alleged financing, with drug-related funds, of Colombian President Ernesto Samper's electoral campaign.

The Colombian vice foreign minister blamed the U.S. decision to "decertify" drug enforcement in Colombia on "political factors." Colombia is the only Latin American drug-producing country that has recently been punished by Washington with this measure.

Cardona emphasized: "Last year we eradicated 32,000 hectares of coca crops; that is, more than all the coca crops destroyed by the rest of the producing countries." Coca is the raw material used for processing cocaine.

Cardona challenged the U.S. right to punish the drug-producing countries, since, in Cardona's opinion, the United States produces 80 percent of the marijuana consumed in its territory and is the world's leading producer of synthetic drugs and the world's leading exporter of chemical products used for processing drugs.

The Colombian vice foreign minister also emphasized that three-fourths of the money gained from international drug trafficking is "being laundered" in the United States through real estate deals.

Cardona added: "Nevertheless, we will not discuss the possibility that we will 'decertify' the United States."

International Affairs: Rio Group, EU Sign Declaration

PY1704012796 Buenos Aires TELAM in Spanish
1826 GMT 16 Apr 96

[FBIS Translated Text] Cochabamba, 16 Apr (TELAM-SNI) — The foreign ministers of the 14 Rio Group member countries and the 15 EU nations today issued the "Declaration of Cochabamba." The declaration establishes a new strategy for commercial exchange between Europe and Latin America.

The document signed at the end of the sixth EU and Rio Group foreign ministers meeting in this city proposes a meeting on drug trafficking at the United Nations.

The document also stresses the importance of closely monitoring and adequately evaluating European and Latin American cooperation programs.

Bolivian Foreign Minister Antonio Aranibar, Rio Group pro-tempore secretary, outlined at the end of the meeting "the important dialogue in this scenario, with a clear, frank, and deep exchange" of ideas.

On the economic front, ministers applauded the progress fostered through EU inter-regional political and economic agreements with Mercosur [Common Market of the South], Chile, Mexico, Central America, and the Andean Community.

Before the approval of the document, the foreign ministers recalled that in the past five years Latin America has been "one of the more dynamic markets" for European exports.

The representatives also said that the EU became one of "the main investors and the first in the area of cooperation" in the region.

The foreign ministers established a new strategy to reinforce the commercial, economic, and technological exchange, as well as the promotion of investments in private areas in both regions.

In the "Declaration," the Rio Group and the EU expressed "their firm rejection of all unilateral measures with extra-territorial effects contrary to international law and the commonly accepted rules of free trade," which was interpreted as a reference to the Helms-Burton Law reinforcing the U.S. embargo against Cuba.

The ministers from both sides of the Atlantic said that the proposal to convene a UN General Assembly special session to deal with the issue of drugs should be analyzed at the 39th period of sessions of the Narcotics

Commission, which began meeting today in Vienna, and will last until 25 April.

The "Declaration of Cochabamba" also makes a call to the international community to launch joint actions against drugs based on the principle of shared responsibility, which is considered essential to achieve a true reduction of the supply and demand of illegal drugs.

The document recommends "the intensification of concrete measures to sponsor and protect women rights" and stresses the importance of the Americas Summit for Sustainable Development that will be held in Bolivia in December of this year.

The ministers recognized the importance of closely monitoring and adequately evaluating European economic assistance projects and programs involving Latin America, which are the largest in the region considering the EU as an organization and each EU member country individually.

The Rio Group is comprised of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela, in addition to rotating representatives from Central America and the Caribbean.

The 15 countries represented in the EU are Germany, Austria, Belgium, Denmark, Spain, Finland, France, Great Britain, Greece, the Netherlands, Italy, Ireland, Luxembourg, Portugal, and Sweden.

The first meeting of Rio Group and EU foreign ministers was held in Luxembourg in 1991. Since then, there have been meetings every year on alternating sides of the Atlantic. The next meeting will be held in the Netherlands in 1997.

International Affairs: Further on Rio Group-EU Declaration

PY1704032196 La Paz TVB Television Network
in Spanish 0000 GMT 17 Apr 96

[FBIS Translated Text] The Sixth Institutionalized Meeting of Rio Group-EU Foreign Ministers concluded this morning with the unanimous approval of the Declaration of Cochabamba.

The most important part of this declaration refers to the antidrug struggle, which was dealt with from the viewpoint of its constituting a global threat. The foreign ministers called on the international community to face the problem through joint actions based on the principle of shared responsibility. The essence of this principle is that in order to truly reduce the drug supply and the demand for natural as well as synthetic illegal drugs; increase the controls on the diversion of chemical

precursors, money laundering and related crimes; and strengthen the judicial cooperation and implementation of development programs oriented toward eliminating the production of drugs, all countries must unite and carry out a joint struggle.

[Begin Bolivian Foreign Minister Antonio Aranibar recording] We are talking about a vision wherein the struggle against drugs does not use unilateral means in aspects affecting the global character of the problem. Therefore, we are talking about the incorporation of economic and social aspects as part of the problem. [end recording]

In the area of the economy, commerce, and investments, the foreign ministers expressed satisfaction regarding the permanent progress of regional integration efforts in Latin America, the Caribbean, and Europe. The declaration stresses the importance of the creation of broadened economic spaces because they contribute to the liberalization and expansion of international trade and the harmonization of countries' policies involving a continuous modernization and improvement of countries' economic and social structures.

The declaration also recognizes the growth and importance of the EU cooperation during the past five years in favor of Rio Group member countries.

Susana Agnelli, Italian foreign minister and EU president, speaks about the problem:

[Begin recording] In my opinion, it is very good, very good for the future of the Rio Group and the EU, because of all the works we can implement to improve the standard of living of our peoples there and here. [end recording]

With respect to the issue of sustainable development, the proposal says that sustainable development should be strengthened with the social and economic development of peoples; the protection of the environment; the fight against poverty, particularly in the poorest areas; the protection of Indian communities; and respect for diversity and people's cultural heritage.

[Begin Aranibar recording] Your presence here has been reason for satisfaction for the Bolivian people and government. We thank you from deep in our hearts. With these words, the Sixth Institutionalized Meeting of Rio Group-EU Foreign Ministers is declared officially closed. Thank you very much. [applause] [end recording]

International Affairs: Rio-EU Accord on Helms-Burton Law

PY1604142896 La Paz Radio Cadena Nacional Network in Spanish 1400 GMT 16 Apr 96

[FBIS Translated Text] Containing guidelines on sustainable development, the economy, trade and investment, democracy, human rights, stability in the regions, cooperation in the fight against drug trafficking, poverty, and a position on the Helms-Burton law and U.S. certification, the foreign ministers of the Rio Group and the EU will today sign the historical Declaration of Cochabamba.

The document was approved on 15 April in successive sessions of the heads of the 29 delegations. They also discussed topics that had been outlined during the meetings of technicians, coordinators, and three-member committees on the basis of guidelines that had been approved during the previous meeting.

International Affairs: Rio Group-EU Meeting Closes

PY1604164796 La Paz TVB Television Network in Spanish 1516 GMT 16 Apr 96

[Closing remarks at the 6th Institutionalized Meeting of Rio Group-EU Foreign Ministers in Cochabamba, Bolivia, by Bolivian Foreign Minister Antonio Aranibar Quiroga — live]

[FBIS Translated Excerpt] Madam President [Susana Agnelli, Italian foreign minister and chairperson of the EU Council], with your permission, we will begin the closing session of our 6th Institutionalized Meeting of Rio Group-EU Foreign Ministers.

The delegates have all received the folder that contains the Declaration of Cochabamba in its four official languages.

The objective of this meeting is the approval of the Declaration of Cochabamba which, as you know, is the result of a very elaborate prior task in which the consensus of the two regions is expressed very precisely and thus it has been possible to reach a very significant agreement.

Madam President, with your permission, I place the text of the Declaration of Cochabamba before you. [passage omitted]

There have been no observations regarding the text of the Declaration of Cochabamba, and if you will allow me Madam President, we consider it adopted and approved unanimously by this meeting.

The Declaration of Cochabamba is now approved.
[passage omitted]

Bolivia has been honored with your participation, that the participation of all of you greatly honors the people and government of Bolivia.

We hope this meeting will be a clarification of the vision all of you have of my country. Bolivia is currently experiencing profound changes and is looking to the future positively in the tasks it is undertaking because its people have traditions that must be projected toward the future with intuition.

I thank you all. We sincerely thank you all. With these words I officially declare this 6th Institutionalized Meeting of Rio Group- EU Foreign Ministers closed.

International Affairs: EU's Marin on Talks With Cuba

BR1604140096 Madrid EL PAIS in Spanish
16 Apr 96 p 7

[Report by J.J. Aznarez: "Failure of Dialogue Between EU and Cuba Prevents Cooperation Agreement With Latin America"]

[FBIS Translated Text] Cochabamba — European Commission Deputy President Manuel Marin — a participant in the Sixth Ministerial meeting between the Rio Group and the EU — reported yesterday that the failure of negotiations between the EU and Cuba had prevented reaching an economic and trade agreement as well as the island's integration into the Rio Group as an observer. Marin expressed his annoyance about Havana's position. "We made the Cuban Government an offer, namely a cooperation agreement with the EU which would have been accompanied by another offer from the Rio Group itself here in Cochabamba, enabling Cuba to become an observer country."

Marin took the floor during the opening session, stressing his satisfaction with "the solidity of Latin America's democracies and economies" following the Mexican financial crisis late in 1994, and with the volume of direct investment — USD7 billion (875 billion pesetas [PTS]) — and trade exchanges between Europe and Latin America, which increased from USD40 billion in 1990 to almost twice as much in 1995.

Marin described the offer made to Cuba as "a reasonable strategy which agreed with Cuba's interests, and Cuba was going to accept it truly with open arms." "For my part, I certainly would have been delighted to have the Cuban chancellor here in Cochabamba today and I would have been delighted to already be able to submit the Economic and Trade Cooperation Agreement to the EU Council of Ministers."

Every Effort

The European Commission's deputy president, who was personally involved in the whole process, complained: "Due to decisions made by the Cuban authorities themselves I am very much afraid that at this point in time it is going to be very difficult to implement the plan which we so carefully prepared for a year." Marin stated that "every possible effort has been made to offer Cuba a solution."

Diplomatic sources summed up the Cuban position: "They refuse to let themselves be helped. The European delegations that traveled to Cuba came back with the impression that there is no essential change nor anything clear." In his speech at the opening of the ministerial sessions, Gerardo Galeote, who is the chairman of the European Parliament (EP) delegation for relations with Latin America, stressed the need for an easing up of the political and economic situation in Cuba after recalling the EP's "clear-cut" condemnation "of the so-called Helms-Burton law." "At this point more than ever," he said, "I believe that joint action from the EU and the Rio Group is essential to facilitate a peaceful transition on the island."

The Cochabamba meeting's final statement rejected the toughening of U.S. policy against Cuba, without however citing any names or mentioning the law in question, despite Spain's position which was favourable to naming the law in the condemnation.

Spanish Foreign Minister Carlos Westendorp raised one of the key issues discussed at the meeting in Bolivia, namely aid for Latin America's economic development, including, among other initiatives, the abolition of any economic or trade measures which hinder commerce and investment. "In short, the EU should do everything in its power to make life easier for European businessmen wishing to invest in Latin America." The minister added that "if I had to sum up the challenges ahead, I would pick out the pressing need for more investment in human resources."

International Affairs: Argentina's FM on Mercosur-EU Talks

PY1704022596 Buenos Aires TELAM in Spanish
1844 GMT 16 Apr 96

[FBIS Translated Text] Cochabamba (Bolivia), 16 Apr (TELAM-SNT) — Foreign Minister Guido Di Tella emphasized here today that the Common Market of the South (Mercosur) and the European Union (EU) hope to take specific steps in early June to achieve an inter-regional free trade zone.

Di Tella also confirmed that, as the Mercosur pro-tempore president, President Carlos Menem will travel in early June to Brussels, where the EU is headquartered.

The foreign minister chatted with journalists at the end of a meeting between the Mercosur and EU (Spain, Ireland, and Italy) foreign ministers that was held within the framework of the Sixth Institutionalized Meeting of Rio Group-EU Foreign Ministers, which closed in this city today.

At the end of that meeting, Di Tella reported that the participants reviewed the 15 December agreement, signed in Madrid, establishing the bases for implementing a free trade zone between the two regions.

Di Tella indicated that, during his meeting with the European "troika," he discussed the agenda for President Menem's meeting with EU officials in June.

The foreign minister indicated that the aforementioned meeting's agenda includes sustainable development, drug trafficking, and specific points on the implementation of a free trade zone.

Di Tella pointed out that corruption "is another issue that we deem very important." He announced that, during Menem's three-day visit, "the work for achieving an accord" will be presented.

Di Tella emphasized: "If all this succeeds, as we hope it will, there will be much more trade (between the two regions), as trade barriers will be reduced to zero."

Nevertheless, the foreign minister emphasized that the talks have just begun. "There are no hurdles yet, but there is not much progress either," he said.

International Affairs: Mercosur, EU To Hold Luxembourg Talks

PY1704021296 Buenos Aires NOTICIAS

ARGENTINAS in Spanish 1929 GMT 16 Apr 96

[FBIS Translated Text] Cochabamba, Bolivia, 16 Apr (AFP-NA) — The Mercosur [Common Market of the

South] and EU (Italy, Spain, and Ireland) foreign ministers have confirmed their decision to hold the first political talks, at an institutional level, between the two blocs in Luxembourg in June.

The ministers had breakfast in the morning hours of 16 April in Cochabamba, during the last day of the Sixth Institutionalized Meeting of Rio Group-EU Foreign Ministers.

In a communique, the participants openly expressed their decision to progress "without delay" in the achievement of the goals established in the Framework Agreement signed in Madrid in December 1995.

The ministers also reviewed the preparations for the upcoming first Mercosur-EU Joint Commission meeting scheduled for 11-12 June in Brussels.

The communique notes that, during the working breakfast, the ministers exchanged opinions on the establishment of an Economic and Political inter-regional Association [Asociacion Inter-regional Politica y Economica], and agreed on approving a mandate for the joint commission and the trade subcommission to draw up an assessment and activities program for discussion at the 1997 ministerial meeting.

This meeting between the Mercosur (Argentina, Brazil, Paraguay, and Uruguay) and the EU replaced a meeting that had initially been scheduled for the next few weeks in Buenos Aires.

The Mercosur-EU cooperation seeks establishment of a gradual trade liberalization between the two blocs during the next decade and the largest common market in the world, involving an area of about 600 million consumers on both sides of the Atlantic.

Cuba

Cuba: Wooden Raft Carrying 306 Haitians Runs Aground

PA1704042096 Panama City ACAN in Spanish
0244 GMT 17 Apr 96

[FBIS Translated Text] Havana, 16 Apr (EFE) — Official sources have announced that a makeshift wooden raft carrying 306 Haitians trying to make it to the United States ran aground near Santiago de Cuba, in the extreme eastern part of the island.

According to the AGENCIA DE INFORMACION NACIONAL (AIN), there were 219 men, 62 women, and 25 children on the boat, and after receiving first aid treatment they were transferred to a camp where for many years Haitians reaching Cuba have been lodged.

According to the same source, citing the passengers, three of them died during the voyage, and their bodies were thrown into the sea.

The boat, measuring 17 meters long and seven meters wide, was a sailboat. It left Port-au-Prince on 7 April and was headed for Miami, but bad weather destroyed its sails and the tip of its mast, causing the boat to be adrift for days.

Official Cuban sources have stated that the boat had a 75-horsepower outboard motor that was totally useless and that had no name or registration.

The sources also have said the operation to transfer the Haitians to the aforementioned camp had concluded tonight. They will remain there until they are repatriated to Haiti.

Cuba: Support for Nation at WTO Said 'Significant'

PA1704041096 Havana Radio Rebelde Network
in Spanish 1700 GMT 16 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Today in Geneva, Cuba managed to fully ostracize the United States at the WTO by receiving this organization's full support in the rejection of the Helms-Burton law. In connection with this new Cuban diplomatic victory, reporter Marisela Escoto conducted a telephone interview with Cuban Ambassador Eugenio Caballero Rodriguez, who participated in the WTO meeting.

[Begin recording] [Escoto] What is the meaning of this general support for Cuba seen at the WTO?

[Caballero] Well, for us this is very significant. This is added to the support which the international community has granted Cuba in the rejection of the blockade. This

is extremely significant because it is given within the framework of a forum which is not political, a forum simply dedicated to commercial agreements between member states. This means and confirms that this is not just Cuba's concern over the consequences of this collusion approved by the U.S. Congress and President, but it is also a concern of the international community. At the meeting, the members defended their views with great valor by demanding respect for their rights which the promulgation of the Helms-Burton law by the United States violates.

[Escoto] Is there any resolution being issued regarding these countries' concerns about this law?

[Caballero] No. Right now the intention was mainly to promote a debate, to increase awareness in the organization regarding this law and the possible consequences of its implementation. Our goal was not to ask the WTO to make any decision. We concluded our address by affirming that Cuba continues to study this very complex document and its possible consequences, and reserves the right to take the necessary steps within the WTO according to established procedures. [end recording]

Cuba: Syrian Attache Criticizes U.S. Planes in Jordan

PA1604145396 Havana Radio Rebelde Network
in Spanish 1700 GMT 12 Apr 96

[Remarks by (Imastos Fajan), business attache at the Syrian Embassy in Cuba; date and place not given; from the "National Radio News" program — recorded; (Fajan) speaks in Arabic with passage by passage translation into Spanish]

[FBIS Translated Text] I think that sophisticated U.S. aircraft entering the area does not serve [words indistinct] but that it will hamper the peace process. There is no justification for this military force to enter [words indistinct]. Jordan is not threatened; Jordan is an Arab League member; Syria and Jordan have very good economic relations. It is possible that there is a lack of co-operation regarding the peace process. Remember that Jordan withdrew from the Arab coordination [cordinacion Arabe] at the same time that 'Arafat withdrew from the Arab coordination. There is no threat against [word indistinct] sovereignty, at least from Syria. I am not aware that Jordan is threatened by any Arab country. However, it is possible that this issue may have taken place in virtue of an agreement between Jordan and the United States. Sophisticated attack aircraft moving into the area does not serve

Cuba: Havana Calls For End of Israeli Attacks on Lebanon*PA1704040996 Havana Radio Rebelde Network in Spanish 1700 GMT 16 Apr 96**[From the "National Radio News" newscast]*

[FBIS Translated Text] Cuba has demanded Israel to end its illegal actions against the Palestine Nation and its aggression against Lebanon and asked that these be halted immediately. Cuba also demands the fulfillment of resolutions issued by the United Nations and its Security Council. Bruno Rodriguez, Cuba's permanent representative to the United Nations, spoke during a meeting of the UN Security Council convened by the Arab Nations, and stated that today, the hopes for peace in that region are in jeopardy.

Cuba: Nationwide Festivities Mark Bay of Pigs Anniversary*PA1704042296 Havana Radio Rebelde Network in Spanish 1700 GMT 16 Apr 96**[From the "National Radio News" newscast]*

[FBIS Translated Text] In the last few days, festivities marking the historic victory of Bay of Pigs have taken place nationwide with the enthusiastic participation of the entire population.

On Sunday, thousands of reservists, militiamen, and members of Production and Defense Brigades participated in Defense Day activities nationwide.

On Monday afternoon, a mass rally commemorated the Declaration of the Socialist Character of Our Revolution at the corner of 23d and 12th streets in El Vedado. Also on Monday, the National Coordination Bureau of the Committees for the Defense of the Revolution held a meeting with a group of Bay of Pigs veterans which served to stress the role played by this organization during the invasion. Jose Ramon Fernandez, one of the main protagonists in the first defeat of imperialism in Latin America, recalled those days and pointed out that Cubans learned then to become committed to the Revolution which today we have to defend at any cost, peace.

Cuba: Commentator on 'Remember Giron' Call's Relevance*PA1604202396 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Apr 96**[Commentary by Jose Mayo; from the "National Radio News" program]*

[FBIS Translated Text] Today marks the 35th anniversary of the mercenary air attacks carried out on Cuban

airports in the run-up to the landing of the 2506th Brigade — organized and financed by the United States — at Playa Larga and Playa Giron and its push to destroy the Cuban Revolution. Correspondent Jose Mayo comments on this historic date, on which anti-aircraft artillery repelled the enemy in their cunning and criminal air attack:

[Mayo] The long list of attacks on Cuba between 1959 and 1961 included a break in diplomatic relations, economic reprisals, internal subversion, sabotage and attacks, and diplomatic pressure to isolate Cuba from the world.

It is worth noting that in the mid-'60s, the U.S. chief of staff recommended that the White House carry on the so-called [words indistinct] to begin a mercenary invasion of Cuba, similar to the one that the progressive government of President Jacobo Arbenz defeated in Guatemala in 1954.

Operation Prelude was carried out on 15 April 1961: Bombings at airports in Libertad city, San Antonio de los Baños, and Santiago de Cuba left 15 dead and several injured.

Commander in Chief Fidel Castro stated in a communique that the country was on a warpath and would resist and crush with an iron fist any forces invading Cuba. Indeed, this happened: Our people, in uniform, dealt the mercenary enemy a crushing blow and consolidated socialism in our country four days later.

The famous call Remember Giron takes on new meaning these days, with Washington committed to defeating the Cuban Revolution through the brutal and genocidal Helms-Burton law and right-wing extremists in the United States not ruling out military intervention in Cuba.

If [words indistinct] U.S. imperialists, then they will pay for their new military assault on Cuba dearly. They will pay a higher price than in April 1961.

Cuba: CTC Announces Discussion Topics for 17th Congress*PA1704010396 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Apr 96**[From the "National Radio News" newscast]*

[FBIS Translated Text] The first working session of the 17th Cuban Workers Federation [CTC] to be held on 27 April will consist of debates by six commissions. The first commission will work in the Convention Center, and will discuss the resolutions on the current role of the CTC, the retired people's situation, the unions' financial policy, and changes to statutes.

The second commission will broach the issues of unions, the struggle to achieve economic efficiency and profitability, the role of science and technology in the training of workers, and the socialist incentive. This commission will work in the Genetic Engineering and Biotechnology Center.

The Convention Center will also host the third commission, which will discuss employment and labor and social relations, labor reorganization, jobs, salaries and incentives, collective labor agreements, and care for the working women and youth.

The fourth commission will meet in the Jose Antonio Echeverria Higher Polytechnic Institute, and will discuss the consolidation of Basic Cooperative Production Units, and boosting food production.

The fifth commission will work in the Jose Marti Military and Technological Institute, and will broach the resolution on the defense of the Revolution, its achievements and values in all sectors.

The sixth commission to work on the first day of CTC Congress will also meet in the Convention Center, and will discuss international solidarity, and the fight against the blockade.

Cuba: Army Official on Mountain Exercise, Defense Zones

PA1704010496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 15 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] On 14 April, Santiago de Cuba's Tercer Frente mountain municipality was selected by the Revolutionary Armed Forces [FAR] General Staff to evaluate how the zone's defense operations are being conducted.

During this military exercise, which took place in the Matias zone, Division Generals Nestor Lopez Cuba, Sixto Batista Santana, and Ramon Espinosa Martin, supervised the civil defense strategies aimed to protect the people, and the material resources available in case of aggression or catastrophe. In addition, they assessed the work performed by the Party with the masses, the people's participation in economic and social activities during war time, and the production and defense brigades' combat readiness in this mountain area, which is an strategic point in the defense of our country's sovereignty.

Regarding the recently achieved first place in the FAR incentives campaign, Eastern Army Chief Ramon Espinosa Martin stated:

[Begin Espinosa recording] It was quite a struggle. As you well know, all armed forces' commands have greatly advanced in the preparation for defense in recent years. There has also been improvement in other jobs performed by the military, following the guidelines of the commander in chief and our minister.

Clearly, this did not happen by chance. The Eastern Army, as you are aware of, has won two of the three incentive campaigns conducted by the FAR, because we prepared ourselves to win. I might add that in recent years our army and all the province has showed record job performance in personnel training, field operations readiness, the FAR food and agricultural program, the intense work that we are carrying out to self-finance the FAR, also in discipline, and in tasks conducted to maintain armament and equipment in the best possible shape for war, to be ready to defend our fatherland. [end recording]

This experimental mountain exercise is an important step towards the creation of regulations to guide the defense zones' future missions in the war of all the people.

Cuba: New Combines 'More Technically Reliable'

PA1604153296 Havana Radio Rebelde Network in Spanish 1700 GMT 13 Apr 96

[Report by correspondent Arold Garcia; from the "National Radio News" program]

[FBIS Translated Text] A new piece of equipment is being tested in Holguin Province sugarcane fields in the hopes that it will save time and money. Aroldo Garcia reports:

[Garcia] The 60th Anniversary of the October Revolution factory has proved an inspiration to Holguin Province metalworkers in meeting its commitment to build over 500 KTP2M combines this year using not only spare parts from old combines but also new and more technically reliable parts with greater cutting possibilities. The KTP3S, a newer and more advanced machine, is being tested in Urbano Norris complex sugarcane fields during this harvest. The machine is close to achieving over 40,000 arrobas per work day. Jorge Luis Sierra, Cuban Communist Party first secretary in Holguin Province; Steelworking Industry Vice Minister Jose Santana; designers and specialist from the Agricultural Machinery Development Center, in Holguin; and outstanding combine drivers were on hand to witness the efficiency of the new equipment in the sugarcane fields. The machine's features include a tremendous hydraulic capacity [hidraulicacion] and a smaller fuel injection system. The old machines used belts, pulleys,

and chains; the absence of these devices in the KTP3S assures increased efficiency and reliability, together with a reduction in the use of spare parts.

Cuba: Milk To Be Imported Using Tobacco Production Funds

PA1704011796 Havana Radio Rebelde Network in Spanish 1155 GMT 16 Apr 96

[From the "Doing Radio" program]

[FBIS Translated Text] Dr. Carlos Lage, vice president and secretary of the Council of Ministers, participated in the livestock sector plenum's final session, during which he stated that Cuba is facing serious problems due to the

importance of livestock for the people. Participants to the plenum discussed the difficult situation of the sector, and 1996's working program.

Lage reported that Cuba will import 35,000 metric tons of powdered milk this year, to guarantee the milk supply for infants and children up to six years old. Lage stated that the government must invest all proceeds from the tobacco production to buy the milk, because Cuba was not able to increase milk production, which is one of the sectors most affected by the special period.

Lage called stockkeepers to apply all their intelligence and efforts to achieve food self-sufficiency.

Mexico: Zedillo Protests Treatment of Illegals in U.S.

PA1704040496 Mexico City Radio Red Network
in Spanish 2300 GMT 16 Apr 96

[Report by Victor Manuel Suberza; from "The Night Monitor" newscast]

[FBIS Translated Text] President Ernesto Zedillo this morning condemned violence as a valid means to prevent conflicts, settle differences, make demands, or defend interests. Zedillo said his government has not tried to minimize or hide real problems regarding the violation of human rights. He said society's indignation over any violation of individual rights is legitimate, adding that Mexico is firmly committed to guaranteeing respect for the law in the country and imparting justice on an equal basis, without favoring any economic or political power.

Zedillo inaugurated the first congress of the Ibero-American Federation for the Defense of Human Rights [Federacion Iberoamericana de Defensores de los Derechos Humanos]. He protested the treatment received by some illegal aliens working in the United States:

[Begin recording] On various occasions, the Mexican Government has firmly protested the violation of human rights of Mexicans in U.S. territory. We are offended by the attacks on their dignity. We are deeply hurt to see them as the victims of abusive treatment and intimidating acts that attempt against their physical safety, some attempts of which, in fact, have resulted in the loss of lives. We know of the political climate and motivations promoting those abuses. [end recording]

President Zedillo made this statement 15 days after the brutal beating of two Mexican illegal aliens near Riverside. Before the UN Commissioner for Human Rights, Zedillo said his government will ask international organizations to investigate cases in which abuses have been committed. He said Mexico will intensify efforts to promote the implementation of the international convention on the protection of migratory workers' rights, as well as those of their families'. Zedillo added that he has instructed Foreign Secretary Gurria to urge the U.S. Government to do likewise.

Accompanying President Zedillo in this ceremony were the government secretary, the attorney general of the republic, the attorney general for the Federal District, and Jorge Madrazo, president of the National Human Rights Commission.

Mexico: Study Views U.S. Treatment of Illegal Immigrants

PA1604160296 Mexico City EL FINANCIERO
in Spanish 15 Apr 96 p 69

[Report by Maria Elena Vega]

[FBIS Translated Text] For some nongovernmental and human rights organizations, the attacks against and mistreatment of Central American immigrants crossing Mexico's southern border morally weaken the position of the country, which can do little to face the xenophobic and racist campaign of U.S. immigration authorities.

According to investigations carried out by the National Commission for Human Rights (CNDH), the Central Americans who cross the Mexican border on their way north face a prospect of fear and uncertainty and, at times, violence, corruption, and vulnerability.

A field investigation and a pilot survey based on July 1994 interviews with immigrants in Chiapas identified the main violations that undocumented Central American citizens suffer.

The study produced the following results:

Of all those interviewed, 56.06 percent admitted that their ultimate destination was the United States, 1.3 percent requested asylum or refuge in Mexico, and the rest did not respond.

The studies determined that 50 percent of the undocumented aliens had committed the same offense in the past, while 11.36 percent had entered Mexican territory for the first time, and the remaining 38.64 percent did not provide any information in this regard. According to the study, 59 percent declared themselves as Hondurans, 14.39 percent as Salvadorans, 3.03 percent as Guatemalans, and 1.52 percent as Cubans; 21.23 percent did not provide this information.

In addition, 67 percent of the undocumented aliens reported to have suffered mistreatment, beatings, and threats from various authorities.

A large part of them are victims of multiple robberies and nearly 45 percent of extortion, often carried out by public and police authorities.

In many instances, they are deported or kicked out of the country under "irregular" procedures.

They are held in disgraceful places and are hardly ever informed of their rights as immigrants.

In many cases, the Central Americans are victims of crimes perpetrated by individuals who, acting with the consent of public servants, adversely affect their rights;

this is the case of the immigrant traffickers known as "smugglers of illegal aliens."

It should be pointed out that the undocumented aliens who enter the country for the first time are unable to identify the authorities responsible for the mistreatment, beatings, and threats made against them, or they are unable to distinguish between a federal, state, municipal police officer and an immigration official.

The investigation determined that, in most cases, the attacks do not result in official complaints because the immigrants are passing through and do not have the necessary time to do so. They do not defend their rights because they are either unaware of the existing entities where they can file a complaint or they fear being turned over to immigration authorities and being deported.

Mexico: Secretary Says NAFTA 'Saved' 500,000 Jobs

PA1604131096 Mexico City LA JORNADA
in Spanish 15 Apr 96 p 50

[Report by Carlos Antonio Gutierrez]

[FBIS Translated Text] Aguascalientes, 14 Apr — According to Commerce and Industrial Development Secretary Herminio Blanco Mendoza, NAFTA has created or "saved" approximately 500,000 jobs in Mexico.

During a work trip through Aguascalientes, the official noted that since the implementation of NAFTA, the agreement has generated 150,000 jobs in the maquila [assembly plant] sector, and it has promoted the creation or saved approximately 350,000 jobs in other sectors.

He believes NAFTA has benefited Mexico greatly and has enabled it to substantially increase exports and create jobs.

Contrary to what several of the country's productive sectors contend, Herminio Blanco Mendoza said that "NAFTA is going quite well;" it has generated export capacity and has opened markets to Mexico.

Concerning the negotiations undertaken to resolve the conflicts with the United States regarding cargo transportation, tomatoes and others, he remarked that bilateral consultations are continuing.

"We are trying to reach an arrangement with the United States, but if we do not reach an agreement that benefits Mexican interests, we would move on to the next step, which is to ask for a trilateral panel to be formed. At least two or three Mexicans will be part of this panel, which will be tasked with resolving the cases," Blanco Mendoza explained.

He indicated that with a decision in favor of Mexico, the government will be able to adopt reprisals against the United States if this country does not lift its restrictions on Mexican exports.

Meanwhile, he mentioned that at least approximately 12,000 export companies were registered last year, and the goal for the current year is that exports grow at least an additional 22 to 24 percent compared to 1995.

Mexico: Presidency Asks For Probe of Morelos Clash

PA1604130796 Mexico City NOTIMEX in Spanish
1905 GMT 12 Apr 96

[FBIS Translated Text] Mexico City, 12 Apr (NOTIMEX) — The Mexican Presidency regretted today the clashes between the peasants and policemen in the central state of Morelos, where one person was killed and another 20 were injured, and urged the local authorities to investigate the incident.

In a communique, the Presidency of the Republic deplored Wednesday's incident and asked the local government to investigate it strictly in keeping with the law and that responsibility for it be identified.

It also condemned any action that hinders the citizens' exercise of their individual rights and particularly the right to freedom of expression.

The clashes between the authorities and the peasants took place on Wednesday in Morelos when approximately 500 members of the Committee for Tepozteca Unity (CUT) attended a ceremony commemorating the 77th anniversary of the death of agrarian leader Emiliano Zapata.

According to the initial versions of the government of Morelos State, the peasants, who traveled in buses, refused to identify themselves and go through an inspection at a police checkpoint, which triggered the clashes with the local authorities.

Morelos' officials said that the peasants instigated the violence as they forced the driver of a cargo truck to run over the policemen at the checkpoint. As a result, a policeman was crushed and sustained rib fractures.

The police checkpoints in Morelos State are commonplace as a way to fight the crime that prevails in several localities.

State Governor Jorge Carrillo pointed out that the police authorities ordered a patrol without weapons, "only with shields, helmets, and nightsticks." However, he admitted that some policemen did carry guns, which is why they are being investigated.

Spokesmen for the peasant group, which opposes the construction of a golf course in Tepoztlan Municipality in Morelos, said that the policemen began the aggression by attacking the convoy — which also included dozens of children, women and old people.

The skirmish, which happened in the Municipality of Tlaltizapan, approximately 80 km south of Mexico City, left one peasant dead and another 20 people injured. Marcos Olmedo, a peasant and a CUT member, was shot to death.

Mexico: Securities Exchange Urges Public Spending
PA1604201896 Mexico City EL FINANCIERO
in Spanish 15 Apr 96 p 4

[Report by Isabel Mayoral Jimenez]

[FBIS Translated Text] The Mexican Securities Exchange (BMV) has urged the Mexican Government to use public expenditures, in keeping with the established program, to accelerate economic revival, "because time is pressing and trust cannot be restored so slowly," said BMV President Manuel Robleda Gonzalez de Castilla.

He added that exchange circles are confident that the consistency and perseverance of the economic program's goals are essential to bringing about a revival, "but if there is any obstacle, the Finance Secretariat should remove it, because skepticism undermines the markets and the country."

A revival does not mean that the government should spend without a plan. It is useless to use public expenditure as a tool if there is no private investment, he pointed out.

Robleda added: "Set inflation free to achieve growth? Honestly, I would not chance it again. That was the case for many years. It is preferable that they do things correctly rather than having another illusion."

The BMV president was interviewed prior to the start of the seventh securities market convention. He underscored the securities market's role as a generator of growth in the country.

As for the importance of this sector, Robleda noted that in the past seven years, it channeled more than \$30 billion to the production sector and financed the government with more than \$40 billion.

The 1995 crisis, which led a considerable number of important companies to nearly fail to make payments, forced the securities market to rechannel its investment resources. The securities market allowed the restructuring of about 8 billion pesos of issuers' debts.

Robleda recalled that, along with the National Banking and Securities Commission, a scheme was created last year to give more flexibility and to expedite the refinancing of securities issued in the debt market by granting term extensions and applying new forms of computing interest.

The first goal is to settle the problems of refinancing and restructuring debts, and as soon as the economic growth outlook improves, new investments will pour in and they will allow companies to secure resources and to expand.

It was not advisable to issue new instruments because the market was depressed at that time. Prices were low; they were at 50 percent of face value. Companies were not willing to give away their businesses. Thus, he pointed out, new resources will come as soon as the conditions start to improve.

This effort should be based on a trustworthy and reliable market, a market with good internal systems. "The market is the means to secure resources. Promotion is also important, but we must understand that we operate in a business regulated by the authorities," Robleda noted.

He noted that although the Securities Market law calls on the market to regulate itself, "in past years, a project presented to the authorities was shelved indefinitely, and it is not until now that the importance of this principle as an element of competition and development has been recognized. "There could be specific results by the end of this year."

The BMV president insisted on the need to modify the securities secrecy to allow the market to verify transactions that could jeopardize the solvency of the issuing entity and the investors as part of the process of self-regulation.

"This is not aimed at creating more power, because even this creates an uncomfortable situation, but to have the power to verify and check the internal situation of a brokerage firm, for example. This is not the case at present," he added.

Robleda went on to say: "As long as there is no progress in this direction, we would be very far from implementing the self-regulatory function even if we have the best project in the world." He explained that, on the contrary, with a timely monitoring system, he could learn of some risky operation and act immediately rather than wait for the authorities to do so.

We could determine who requires more capital and even increase our participation in the Fund for Support of the Securities Market [Famerval], something that does is not

occurring at present, he said. "We do not know who is being helped, why, or with how much."

Stock brokers make a contribution that depends on the value of their operations. Nevertheless, those whose participation is large are not always the ones that are most exposed to risky operations. "Even for the sake of ethics, we want to know what is being done with our money. Being able to lower those market prices lies very much behind self-regulation."

Famerval assists in noncompliance, failure, or bankruptcy instances among intermediaries. "There are reasons for being demanding. We are entitled to be taken into consideration in this regard. No matter who manages. What is desired is that it does not cost too much. If the Securities Exchange possesses the instruments to check and act opportunely, the problem would be less conflict-ridden than in 30 days or six months."

Robleda, keenly interested in deregulation, said he is confident that a corresponding project will be ready before the end of the year. This project will be handled in several stages that include proposals for an ethics and behavior code, penalties on those responsible for irregularities, and schemes to monitor real-time operations.

The creation of two commissions has been planned, one of an institutional normative nature and the other of a disciplinary nature. Both commissions are to be made up of people in the field, such as stock market directors, brokers' representatives, etc., experts in specific areas, and government people.

"With this, we expect to infuse the market with confidence and security. If there is no balance, it would result in a joke. We wish to be pluralistic. But this won't be easy, considering that we come from a closely-knit structure. The project has already been approved by councils from both the Securities Exchange and the Association of Mexican Stock Brokers. The creation of a sort of complaint office [previous two words in English] is also being considered."

What the authorities have not established is who is to be included in self-regulation, such as securities and securities officials, stockbrokers, and issuing entities. Even investors could be included. We have to fine-tune the scope we want to give it. In this regard, Robleda said that the creation of "great walls of China" to prevent conflicts of interest and the transfer of privileged information from a stockbroker to a bank when they are members of the same financial group could be established as part of self-regulation.

Mexico: PGR Says Nation Did Not Request Ortega's Arrest

PA1604224596 Mexico City Radio Red Network in Spanish 2300 GMT 15 Apr 96

[Report by Edgar Munoz at the Attorney General's Office; from the "Night Monitor" newscast]

[FBIS Translated Text] [Munoz] Spokesmen for the Attorney General's Office [PGR] have reported that at present no arrest warrant has been issued against Jorge Antonio Sanchez Ortega, who was allegedly arrested by U.S. authorities, as you noted. According to those who have been near him, this man looks very much like Mario Aburto Martinez, the confessed assassin of Luis Donaldo Colosio.

[Announcer Martin Espinoza] Edgar, was his alleged arrest in the United States confirmed?

[Munoz] No, my report is based on statements by Special PGR Prosecutor Daniel Aguirre who was interviewed hours before the Government Secretariat issued a communique. The PGR is very specific: They know nothing about the whereabouts of Mr. Sanchez Ortega, but if he were arrested, his arrest would in no way be related to the Colosio case and much less prompted by a request from the Mexican Government.

The Government Secretariat stated two things: First, at present Sanchez Ortega continues to be an official of the Government Secretariat despite having been linked to the Colosio case, because the communique described him as a public servant. And second, the U.S. Government has yet to notify the Mexican Government of Sanchez Ortega's arrest.

Daniel Aguirre, prosecutor for the Colosio case, at about 1300 today stated that the PGR is currently not interested in interrogating Sanchez Ortega. As you noted, this man was in Lomas Taurinas when Colosio was assassinated, he even tested positive to the forensic tests [prueba de absorcion atomica], and chemical tests even showed traces of marijuana in him. The PGR, however, stressed that if Sanchez Ortega were arrested, such an arrest would be unrelated to the Colosio case.

Mexico: Official Views Reasons for 'Systematic Recovery'

PA1704025096 Mexico City NOTIMEX in Spanish 1810 GMT 16 Apr 96

[FBIS Translated Text] Mexico City, 16 Apr (NOTIMEX) — An official source disclosed today that in the past year, the Mexican economy experienced a systematic recovery via an increase in its exports, but it

should maintain this growth level to improve the standards of living of the population.

"The economy hit bottom in the first quarter of 1996" and since then, the productive activity registered a growth of 8 percent in the second half (as received), Finance Secretary Guillermo Ortiz indicated.

Giving a speech during the second meeting of the 7th Convention of the Mexican Securities Exchange, he stressed that in the first quarter of 1996, GDP grew 2 percent compared to the last quarter of the previous year.

One of the key factors that contributed to this economic recovery was the 30-percent growth registered by Mexican exports in 1995, he emphasized.

The official told the directors of the country's financial and exchange companies that the drop by a third of the demand for foreign exchange last year was another one of the elements that helped cleanse the economy.

"This more favorable atmosphere and suitable economic policy will translate, in the coming months, into a gradual, but sustained recovery of consumption and investment," the official added.

Ortiz also said that it is necessary to move from a phase of growth promoted by exports to a phase that involves

all the sectors so that development will result in tangible benefits for a majority of Mexicans.

He reiterated that "as it became obvious with the emergence of the crisis, the financing of productive investment should not depend, excessively, on short-term flows of financing."

According to Ortiz, Mexico had to correct, at the beginning of 1995, a current account imbalance of 8 percent of GDP and face short-term debt commitments for \$42 billion.

He admitted that the fiscal balance and the control of the inflation are pivotal to achieve the indispensable economic stability for any viable growth process.

He noted that the Mexican Government is promoting an increase in the levels of economic productivity and competitiveness as the new engines of welfare.

Ortiz added that allowing a greater participation of the private sector in such sectors as telecommunications, airports, and railroads "will translate into a greater investment in these sectors, which will lead to increased productivity and efficiency."

Guatemala

Guatemala: Ombudsman Says Crime 'Taking Over' Country

PA1604123596 Guatemala City SIGLO VEINTIUNO in Spanish 13 Apr 96 p 38

[FBIS Translated Excerpt] *Organized crime gangs are taking over the country without the state being able to do anything to stop them, because there is inefficiency in all institutions and this prevents us from countering the actions of criminals.* Human Rights Ombudsman Jorge Mario Garcia Laguardia warned yesterday.

He made the aforementioned statement while stressing his concern over the violence witnessed the day before yesterday against the family of Deputy Amilcar Mendez from the FDNG [New Guatemala Democratic Front] whose home in Nueva Monserrat neighborhood, Mixco, was raided by four unidentified individuals who drugged his adopted daughter.

Garcia Laguardia reiterated that *undoubtedly these are organized crime gangs that act with impunity in Guatemala. This demonstrates that their actions are carried out with the complicity of groups that seek protection in government circles, which is even more serious.*

In the meantime, leaders of the "Rujonel Junam" Ethnic Communities Council (CERJ), of which Mendez is a founding member, remarked that the intimidation against the congressman *could come from security forces, which are guarded by impunity.* [passage omitted]

Guatemala: Prosecutor General's Resignation Accepted

PA1604130596 Guatemala City Televisiete Television in Spanish 0400 GMT 15 Apr 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] President Alvaro Arzu Irigoyen said this weekend that he will accept Prosecutor General Ramon Cuestas Gomez' resignation. As we know, Cuestas announced his resignation, which will be effective on 16 May, following reforms to the basic law of the Attorney General's Office.

[Begin recording] [Arzu] We will be sending him a note early Monday morning accepting his resignation. At the same time, we will ask the Supreme Court of Justice to appoint the members of the nomination committee as soon as possible, to select his successor.

[Reporter] [words indistinct]

[Arzu] No, the president only selects one from the names proposed by the Bar Association, Supreme Court

of Justice, and Law School. I will only have to choose one of the names proposed. [end recording]

Guatemala: Civilian Self-Defense Patrols Issue Cleared Up

PA1704025196 Guatemala City TELEVISIETE Television in Spanish 1900 GMT 15 Apr 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan President Alvaro Arzu stated that the Civilian Self-Defense Patrols [PAC] will be disbanded after the signing of the final peace treaty between his administration and the guerrilla forces. The president's declaration was necessary following a number of contradictory official statements stemming from alleged statements made by Guatemala's foreign affairs minister who said in Europe that the disbanding of the PAC's would begin in two weeks.

[Begin Arzu recording] This has been a dynamic process. The disbanding of the PAC's continues in areas where there is no longer armed conflict and the communities themselves believe that the PAC's are no longer needed because there is no confrontation, or conflict. [end recording]

Moreover, General Sergio Arnaldo Camargo Muralles, chief of General Staff of National Defense, said that the disbanding of the PAC's has been slow, and voluntary.

[Begin Camargo recording] The people got together for a common objective, to seek security against the threat which armed criminals, or subversives, represented at one time. The army's position regarding this issue is to obey the orders of the president, who is the commander in chief of the army. All Guatemalan citizens must understand that these kinds of decision are political, not military decision, and that the decision whether to continue grouped in PAC's is a decision which Guatemalan citizens must make. [end recording]

Panama

Panama: Party Leaders View 'Panama 2000' Meeting

PA1704040796 Panama City Circuito RPC Television in Spanish 2300 GMT 15 Apr 96

[Report by Alexandra Cinigilio; from the "RPC Television News" newscast]

[FBIS Translated Text] The idea of holding a national meeting regarding the Panama Canal is not very clear. The opposition now fears that this may be an excuse to call for a national referendum on presidential reelection.

[Begin recording] [Cinigglio] Legislation, labor force, and maintenance of the canal, are only some of the issues of a national meeting sponsored by the United Nations. Jose Raul Mulino is part of the technical team that is working on the agenda of the meeting which contemplates the future of the interoceanic canal.

[Mulino] The meeting will in some way deal with the issue of a foreign military presence, from a viewpoint of whether the military presence is needed versus a huge question which has yet to be answered in Panama regarding the appropriate use of the areas.

[Cinigglio] Mulino has met with a number of representatives of opposition parties to ask them to participate in the meeting called Panama 2000. The Christian Democratic Party [PDC] representatives are willing to participate. However, they have their doubts.

[PDC President Ruben Arosemena] The position of the PDC will depend on a clear-cut definition of what the rules of the game will be. We have had very bad experiences in these kinds of events because the administration has put on events of this nature, with lots of publicity, and finally what is said during these events, or whatever criticism is made during the meetings, is pushed aside when the final decisions are made.

[Cinigglio] Moreover, the Arnulfist Party representatives are divided on this issue.

[Arnulfist Party representative Alfredo Arias] I believe it would be beneficial for all parties to go to the meeting. It would be beneficial to speak with the unions, and business groups.

[Cinigglio] However, a majority of the Arnulfist Party members does not agree with Alfredo Arias. Telenoticias RPC has learned that Arnulfist Party President Mireya Moscoso has decided not to participate. There is fear that the reelection of the PRD [Democratic Revolutionary Party] would be made easier.

[Mulino] I have heard commentaries that what is being discussed is related with a secret intention of the governing party to introduce the issue of the presidential reelection. That is completely false, and has never been in keeping with the concept of governability which we have been handling within the group.

[Cinigglio] Molirena [National Liberal Republican Movement] has accepted the invitation to go to the Panama 2000 meeting. Other parties, and organizations are still studying the agenda. [end recording]

Panama: Less Popular Support For U.S. Bases Noted

PA1704023396 Panama City EL UNIVERSAL DE PANAMA in Spanish 16 Apr 96 p 10

[Editorial: "The Military Bases"]

[FBIS Translated Text] The issue of extending U.S. military presence in Panama through military installations in our territory, a country that constitutionally self-describes itself as demilitarized by imposing a prohibition on having its own army, has created a new polarization in the country.

After an initial overwhelming popular support for the U.S. bases remaining in Panama, more recent surveys have reflected a change in public opinion, particularly after the United States publicly expressed its position against paying any rent to Panama for their use.

Projects drafted by the ARI [Interoceanic Region Authority] do not contemplate the commercialization of areas where military installations of interest for U.S. continental defense are located. The report prepared by economists Galan Ponce, and Fernandez, which has been debated by other economists, favors U.S. intentions. It is based on alleged economic considerations, which have been questioned by the Center for Economic Research of the University of Panama, regarding the financial possibilities posed by private enterprise exploiting the bases.

Even though the president of the Republic said at a news conference in Rome that Panama maintains its position of complying with the canal treaties and putting an end to foreign military presence in our country, the U.S. Government has insisted in extending it. The ARI administrator has even hinted that the bases contribute to give security to the users of the canal and foreign investors.

The reality within all this confusion is that the subject must be discussed openly, seeking the necessary national consensus, putting national interests above everything else. We must make sure that the objective of giving the reverted areas the best use possible and obtaining the best social benefit possible for the Panamanians is faithfully achieved.

Panama: U.S. Certification, Bases Issues Viewed

PA1704040696 Panama City LA PRENSA in Spanish 16 Apr 96 p 32A

[Article by Severino Mejia: "Drug Trafficking and Intervention"]

[FBIS Translated Text] An interview with Robert Sidney Gelbard, assistant secretary for international

narcotics and law enforcement affairs, by reporter Betty Brannan Jaen, Washington correspondent for LA PRENSA, could not have been more eloquent.

Drug trafficking is a widespread issue which attacks the health of modern societies as well as the democratic system of the countries exposed to it, particularly third world countries which do not have the resources to face the powerful criminal organizations engaged in this dirty business. However, I do not agree with the so-called unilateral "certifications" carried out by the U.S. Government through its State Department to determine if countries are cooperating or not in the fight against drug trafficking. The real effect of a "decertification" could have a negative effect on the resources of the states which are singled out, because they may find access to fresh money restricted by the international financial organizations controlled by the United States.

This situation (the certifications) is particularly dangerous when the process becomes politicized. I say this because the political aspect is an integral part in contractual relations with the United States. Colombia's case seems to me to be a classical example of this. Colombia's political problems should be solved exclusively by Colombians. In my opinion, the U.S. "decertification" of Colombia, because, according to the United States, it is not cooperating in the struggle against drugs, is politically motivated because of the support the drug cartels gave to the political campaign of Colombian President Ernesto Samper.

Whether this is true or not, it is a Colombian, not a U.S. problem.

Colombia has done its best to neutralize the big criminal organizations with very positive results. Corruption is inevitable when industrial quantities of money flow from the drug cartels. It is easy to tell other countries that there is still much to be done, when in the United States the war against drugs has not reduced drug consumption; on the contrary, it has increased and become more diverse.

If there is really "political resolve" in the United States to reduce the flow of drugs into its territory, it must begin from inside, as I believe it is being done, however, not by projecting its laws outside of U.S. territory, as if the other nations had to submit to the U.S. Constitution

and U.S. laws. This is inadmissible. The epoch of interventions should be recorded only in history books and should never be repeated.

Specifically, in Panama's case, I have said on other occasions that it is not the presence of U.S. military troops that is going to prevent the flow of drugs coming from the south. Today, even with the presence of U.S. troops, the drug is flowing easily, even within U.S. bases. To do more, we require greater resources. We have to understand that the war against drug trafficking is not a war against an ordinary enemy. This enemy has technology, brains, and large amounts of money to overpower its strongest opponent. The United States is neither Panama nor Colombia. It can invest enormous sums of money to check, neutralize, or destroy that scourge, sums which no other country with a lower GDP can equal.

If the United States wants real results, it should make substantial donations to our countries to strengthen the institutions engaged in fighting drug trafficking and money laundering. A pair of helicopters or fast motorboats are not going to stop organizations that can pay our foreign debts with their dirty money. I am not only referring to economic help; training and the transference of technology, are fundamental to do much more.

It is up to us to educate ourselves to be "untouchables," that is, immune to corruption. The drug mafia owes much of its vast power to its capacity to buy consciences. If we cut off that ability, it will become harder for them to get information and support to carry out their illegal activities.

The United States has no right to judge other nations because drugs produced in them reaches U.S. territory. More than the direct impact, the United States should evaluate its unrestrained demand for drugs. Clearly, cutting off the flow will eliminate the demand, but no internal U.S. law is going to stop money laundering or drug trafficking. Rather than exerting pressure, all governments should demonstrate their political resolve through their own laws, not unilaterally, to provide the means to stop that scourge.

After all, we are all exposed to it.

Argentina

Argentina: Rifkind's Visit Seen as 'Very Encouraging'

PY1604145796 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 0026 GMT 14 Apr 96

[FBIS Translated Text] Puerto Iguazu, Misiones, 13 Apr (NA) — The Argentine Foreign Ministry evaluated as "very encouraging" the agreement reached today between Foreign Minister Guido Di Tella and Malcolm Rifkind, UK secretary of state for foreign affairs. It highlighted the British decision to discuss the topic of fishing in the Georgias within the framework of the so-called "Camelar" Treaty [Convention on the Conservation of Antarctic Marine Living Resources, CCAMLR].

San Martin Palace spokespersons stressed that London's agreement to discuss the topic of fishing within the framework of Article No. 25 of the Camelar Treaty, Convention for the Conservation of Antarctic Marine Living Sources, "is a step forward that was difficult to foresee two months ago, when the fishing negotiations were virtually stagnated."

The Argentine Government used the spirit of the Camelar Treaty to reject Britain's unilateral decision to charge for fishing licenses in the zone of the Georgias because the treaty indicates that the region is under international jurisdiction, and the charging of fishing licenses is banned there.

The Argentine diplomats also highlighted the personal attitude of Rifkind, who "sent signals from Brazil to promote the meeting with Di Tella."

These diplomats said the gesture was observed in that the head of the Foreign Office took advantage of an official visit to Brazil, where he indicated publicly that he wanted to get to know the Argentine side of the Iguazu Falls.

Di Tella then sent a formal invitation asking him to visit the area and at the same time to hold a round of negotiations to take the fishing question off ice, where it has been since February after an incident in which an Argentine fishing vessel was obliged to pay for a license in order to operate in that area.

San Martin Palace also evaluates as satisfactory the fact that London agrees with Buenos Aires in expressing its political desire to negotiate an agreement, over a longer time period, on the topic of fishing in general and evaluated this step as a return to the position that existed before the Georgias incident.

The negotiation for an agreement with an extension of the time period, because the previous agreement only

lasted for a year, has no starting date, but the foreign minister believes it will begin shortly.

The spokespersons indicated that the negotiating attitude of the British is a partial attempt to prevent the Argentine Government from harshly denouncing the Georgias incident at the United Nations, the OAS, and at the Rio Group meeting on 14 April in the Bolivian city of Cochabamba.

Di Tella will travel on 14 April to participate in that summit. On 15 April he will travel to New York and Washington to meet with UN Secretary General Boutros Boutros-Ghali and with OAS Chief Cesar Gaviria.

Argentina: Renewal of UK Talks Said 'Extremely Positive'

PY1604150296 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1856 GMT 14 Apr 96

[FBIS Translated Text] Buenos Aires, 14 Apr (NA) — Argentine Vice Foreign Minister Fernando Petrella has described the resumption of Argentine-British negotiations on fishing in the South Atlantic as "extremely positive."

Petrella thus referred to a meeting yesterday in Puerto Iguazu, Misiones Province, between Argentine Foreign Minister Guido Di Tella with Malcolm Rifkind, British secretary of state for foreign and commonwealth affairs.

Petrella said: "There has been an extremely positive development regarding the fishing issue; that is, the resumption of talks." He added that the two foreign ministers decided to negotiate the Georgias Islands "within the framework of the Convention on the Conservation of Antarctic Marine Living Resources [CCAMLR]."

Argentine-British negotiations on the fishing issue have been suspended since February, following a decision by London to force an Argentine ship operating near the Georgias Islands to pay a fishing license.

Di Tella met with Rifkind, who is making an official visit to Brazil, in Puerto Iguazu.

Di Tella will brief UN Secretary General Butrus Butrus-Ghali on the issue on 17 April and, two months from now, he will also brief the UN Decolonization Committee.

Argentina: Buenos Aires Province Governor Leaves For U.S.

PY1604162996 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2136 GMT 14 Apr 96

[FBIS Translated Text] La Plata, 14 Apr (DIB) — On the evening of 13 April, Buenos Aires Province Governor Eduardo Duhalde departed for the United States

where he will have a full schedule, including political talks and meetings with investors. He will brief them on the privatization of the provincial public utility company ESEBA [Buenos Aires Province Electric Utility Company].

Accompanied by his wife, Hilda Gonzalez de Duhalde, the governor tomorrow starts a five-day visit to the United States, during which he will lunch with investors and make them aware of the possibilities Buenos Aires Province can offer. Duhalde will also visit CNN Television Network and meet with its chairman, Ted Turner. In Washington, the governor will meet with U.S. Vice President Al Gore, with OAS Secretary General Cesar Gaviria, with IMF Managing Director Michael Camdessus, with drug czar General McCaffrey. Duhalde will then travel to New York, where the Bank of the Province of Buenos Aires will host a luncheon with 50 representatives of the leading commercial and investment banks in the United States. The governor is scheduled to have a working breakfast with the New York mayor at the Council of the Americas. Duhalde will go to Germany and Britain in the first week of May.

Duhalde's entourage includes the Buenos Aires Province minister of economy and public works, the security secretary, the president of the Bank of the Province of Buenos Aires, the ESEBA president, and the Buenos Aires Province legislature president, among others.

Argentina: German Officers Visiting To Discuss Cooperation

PY1604152296 Buenos Aires TELAM in Spanish 1744 GMT 15 Apr 96

[FBIS Translated Text] Buenos Aires, 15 Apr (TELAM) — Lieutenant General Mario Candido Diaz, chief of the Joint Staff, today began a round of consultation with German military officers seeking to increase cooperation and to exchange experience gained in the peace missions organized by the United Nations.

Military sources reported that Diaz met at his office with Brigadier General Karl-Heinz Lather, deputy chief of the planning sector of the German Joint Staff, who is on an official visit to Buenos Aires with other high-ranking German officers.

Diaz said: "We want place a very special emphasis on these missions because they support the government's foreign policy and thus face the challenge of participating in important peace missions."

He highlighted Argentina's "active participation" in peace missions, and recalled that "less than five years

ago numerous groups left our country to serve for the benefit of humanity thus seeking to achieve and maintain the valuable gift of peace."

The current peace agreement in Bosnia-Herzegovina, which was signed in Dayton, United States, was discussed today. They also discussed the restructuring of the Argentine Armed Forces.

The high-ranking officers of the Joint Staff later addressed the German officers on the Argentine Joint Training Center for Peace Keeping Operations (Caecopaz), which is based in Campo de Mayo.

Bolivia

Bolivia: President on Talks With Chile, Domestic Issues

PY1604142096 La Paz TVB Television Network in Spanish 1100 GMT 16 Apr 96

[Report by Marcela Martinez]

[FBIS Translated Text] In response to a request by correspondents from several foreign news agencies and media, President Gonzalo Sanchez de Lozada called a news conference with representatives of the foreign press at the Oval Hall of Cochabamba Hotel yesterday. The first subject broached by the head of state was bilateral talks between Bolivia and Chile. He said:

[Begin recording] This is very positive. We are discussing very difficult subjects for both countries so our expectations should not be too high about the outcome. I do not want to convey the idea that we are about to reach agreement and announce an amazing solution. This is not the case. Still, I believe both parties are increasingly well disposed to address this issue with political courage in order to devise a solution. In this way we can overcome the issue and more positively view future relations. [end recording]

Replying to a question about the domestic situation in Bolivia, now it is receiving Rio Group foreign ministers and EU officials, the president of the Republic discussed the changes implemented by his administration. He said:

[Begin recording] The problem we face stems from the fact that we are doing many things. The administration over which I preside has set in motion five very significant measures all of which have stirred the susceptibilities, rather than the interest, of what I would call rural sectors.

The first measure we implemented was the popular participation scheme. Bolivia effected a radical reform of municipal governments, which have now been organized on a territorial basis. In other words, [words indistinct] there are 308 municipalities and 20 percent of the

national government's receipts are earmarked for municipalities. The amount each municipality receives is in direct proportion to its population. This simple fact is instrumental in redistributing revenues. Areas that used to receive no allocations at all are now being allotted millions of bolivianos, which they have to administer themselves.

The second aspect, which sparked off a bitter conflict, is the education reform. We have implemented mandatory bilingual education in preparatory schools and teachers now depend on the community rather than the other way around. This earned us the total enmity of the teachers' trade unionists.

Finally, we are involved in what we call capitalization. Bolivia opted for this privatization modality, and yet, it is my considered opinion that this is one of the most difficult and complex reforms we are undertaking. It goes without saying that trade unions and leftist political parties feel very vulnerable to the entire capitalization process.

We have effected five major reforms in four years. This is why the people feel dizzy. Bolivia will emerge from this administration transformed. There are no elections on the horizon so we can now conclude the process.

Together with the sweeping measures we have adopted, we reformed the Constitution and the judiciary. In sum, there are many things going on and this undoubtedly affects sectors that enjoyed certain privileges and that now feel deprived of their privileges. [end recording]

At the end of the news conference, Sanchez de Lozada traveled to the seat of government accompanied by UK Secretary of State (Nicholas Ronson) with whom the head of state will hold a bilateral meeting, during which Bolivia will try to obtain greater financial cooperation from Britain. They will return to Cochabamba for the closing ceremony of the Sixth Institutionalized Meeting of the Rio Group and the EU.

Brazil

Brazil: UK Beef Ban 'Does Not Apply' to Exports

PY1704013396 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Apr 96 p B10

[FBIS Translated Text] Brasilia — The ban on beef sales in Great Britain does not apply to the product imported from Brazil, UK Foreign Secretary Malcolm Rifkind said on 15 April. Several British importers suspended their contracts in the last few days, believing that the British Ministry of Agriculture ban included Brazilian beef. In 1995, processed beef was the main Brazilian export to Great Britain, and totaled as much as \$155 million.

Brazil: Tax Increased on Tobacco, Coffee, Orange Juice

PY1704024196 Sao Paulo GAZETA MERCANTIL in Portuguese 12-14 Apr 96 p A7

[Article by Livia Ferrari in Rio de Janeiro]

[FBIS Translated Text] Brazil will negotiate with the EU trade compensation related to an increase the EU implemented in the import tax on eight products that Brazil exports to Europe, including tobacco, coffee in grain, and orange juice. The EU increased the import tax from 5.3 to 8.9 percent, after a process seeking to reclassify and standardize tariffs.

Brazil — which is the largest international exporter of tobacco, coffee, and orange juice — has already filed a complaint before the WTO about the EU's decision.

Entrepreneurs linked to these areas met at the Brazilian Tobacco Industry Association [Associacao Brasileira da Industria do Fumo — Abifumo] and argued that the taxation could affect the competitiveness of Brazilian exports, particularly with regard to African competitors who are benefited by preferential tariffs. Representatives of the Souza Cruz Company — which is, by itself, the country's largest tobacco exporter and accounts for 35 percent of overall Brazilian tobacco sales abroad — said that until recently, "Brazilian tobacco — of the Virginia type — was granted tariff advantages contemplated in the European Generalized System of Preferences (GSP)."

On 16 April, representatives of the tobacco industry will meet at the Foreign Affairs Ministry, in Brasilia, to analyze the Brazilian Government's proposal for compensation. During the meeting, the U.S. plans to establish tobacco import quotas will also be discussed. Last year, the United States adopted quotas per country, and Brazil was allocated an 81,000-metric-tons/year quota.

Brazil expects, however, to reach agreements with the EU because the region has recently agreed on trade compensation with other countries, such as the United States, Canada, Australia, Chile, and Argentina. Brazilian experts involved in the negotiations point out that this is the third time Brazil has experienced losses in its business dealings with the EU. The first time was in the 1970's, when England, Denmark, and Ireland joined the EC. The second time was when Portugal and Spain also joined the EC.

Brazilian exports of tobacco leaves totaled \$770 million in 1995, and consisted of 256,000 metric tons, representing a 10.8-percent increase over 1994 exports. Sales of tobacco and its by-products reached record levels in

1995 and totaled \$1.175 billion, surpassing the previous year's figure by 14 percent. Sales of cigarettes alone totaled \$400 million, resulting from the shipment of 54.9 billion units.

Brazil: 'Turning Point' in Brazilian Foreign Policy Noted

PY1604124696 *Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Apr 96 p A3*

[Editorial from the "Notes and Information" Page: "Making Foreign Policy Consistent with Domestic Policy"]

[FBIS Translated Text] On 11 April, Foreign Minister Luiz Felipe Lampreia addressed the Foreign Affairs Committee of the Chamber of Deputies to account for the first 15 months of Fernando Henrique Cardoso's administration. His address was one of the most important foreign policy statements of recent times. His consistent, clear discourse was unusual because of the clear way he described foreign policy objectives and — particularly — because of the reasons for adopting such policy and the strategies that are being implemented.

The foreign minister's discourse can be considered a turning point in Brazilian diplomacy. It described the situation on the basis of a more realistic foundation, recognizing the vital need to operate in the forefront of the interests of our country. This change of attitude will not be painless. A price will have to be paid for the inertia of tradition and for the prolonged adherence to dogmatic positions. The reference — which we believe was unnecessary — to the "leadership fancies" and "illusion of prestige" may have been paying tribute to the past. We must, however, continue this new way of building foreign relations.

The foreign minister gave Foreign Affairs Committee members a dose of realistic views, saying that it is high time we finally and completely erase "the illusion that, because Brazil is a continental country with a large population and a considerable GNP, we must obviously play a significant role and even design the agenda of our relations with our partners around the world." He completed the picture, saying: "Being large and relatively important is not enough; we must act accordingly. This is not accomplished through the exercise of sterile principles or through the illusion of self-sufficiency or isolationism on behalf of false nationalism."

The words of the foreign minister are even more important because they were addressed to members of Congress. It was one of those rare opportunities when the head of Brazilian diplomacy came down from his ivory tower — the ivory tower that has always

protected foreign action from the sometimes miserable contingencies of domestic politics — to warn the representatives of the people that the international image of Brazil reflects only what Brazil actually is. Minister Lampreia said that over the past few months, diplomacy has been made easier by the dividends of responsibility and prestige that the improvement and opening of the economy have earned the country. Lampreia noted the close links between foreign and domestic policy, asking the deputies of the Foreign Affairs Committee to strive to approve the reforms that the government has submitted to Congress. He made an appeal and issued a warning: The appeal was for progress in the reforms that will consolidate the Real Plan and that will give stability to its achievements. The warning noted that only in this way will diplomacy be able to revamp traditional partnerships, and thus grant the country the means to influence international decisionmaking mechanisms.

Gone are the days when talented diplomats could outline an image of prosperity and power that did not match domestic circumstances. The speed, precision, and intensity of communications, and the expanded capacity to evaluate variables in a complex situation have increasingly limited the vain dreams of national greatness. Current circumstances favor economic development and promote political influence only if they are the product of work and intelligence, and of the adoption of increasingly universal and uniform rules of behavior. The foreign minister told Congress that commitment to those rules, through the amendments proposed by the government, is an essential precondition for successful diplomatic action.

Such success, however, is only half the picture. To complete it we must define foreign policy objectives, design the strategies to attain them, and improve diplomatic endeavors. The minister said that almost all of this is ready, and that the only outstanding point is the design of the agenda for the Asian Pacific region — which is now the world's most economically dynamic area. In other words, the foreign minister very skillfully told the deputies that Brazil's chances of taking the qualitative leap it intends to take internationally depends on its lawmakers.

The minister also directly and openly described the Brazilian strategy with respect to hemispheric integration. The minister said that Brazil wants to take its time, so that those points on which no consensus has been reached, or which must pass through the WTO or through regional organizations, can be clarified and reach maturity. Brazil wants no short cuts. Brazil prefers to reach hemispheric integration from subregional blocs. In other words, the point is to use time and experience to reconcile the unilateral processes of economic open-

ing and of a customs union in the River Plate area, with a more ambitious project of a large market of the Americas. This is a realistic, prudent attitude.

Brazil: Agreements Signed With Portuguese Prime Minister

PY1604134996 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 16 Apr 96

[FBIS Translated Text] — Following a meeting with the Portuguese prime minister in Planalto Palace yesterday, President Fernando Henrique Cardoso said he trusts the Federal Supreme Court will favor the administration in the case of the social security reform.

He added that the Chamber of Deputies president must decide whether to appeal before the Federal Supreme Court to obtain the reversal of the preliminary decision suspending the social security reform by Justice Marco Aurelio Mello in response to a petition made by opposition parties.

Earlier, President Cardoso received Portuguese Prime Minister Antonio Guterres for one hour in Planalto Palace where they signed several bilateral agreements.

The first document is an agreement partially exempting Brazilian and Portuguese citizens from the requirement of visas to facilitate the travel of businessmen, teachers, scientists, journalists, and tourists. The exemption is valid for 90 days and it is renewable for the same period of time.

Cardoso and Guterres also signed a memorandum of understanding to exchange trainees between the respective diplomatic schools.

The third is a protocol for the modernization of the public administration.

They signed a joint communique that stresses, in its main part, the intention to definitively resolve the problem of professionals with university degrees from Brazil and Portugal.

Brazil: Suspension of Central Bank Salary Increase Ordered

PY1604120296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Apr 96 p B1

[Article by Beatriz Abreu and Chico Otavio]

[FBIS Translated Text] Brasilia — The attempt by Finance Minister Pedro Malan and Central Bank (BC) President Gustavo Loyola to implement a 48-percent increase in the salary of BC employees at the beginning of their careers did not last 24 hours. On President Fernando Henrique Cardoso's orders, and after a long day of discussions about the negative repercussions

of the National Monetary Council (CMN) decision to grant the increase, Minister Malan released an official communique suspending the increase temporarily.

The day of 12 April was characterized by a political mistake the Finance Ministry and the BC made in announcing the salary increase. The decision to correct the level of salaries paid by the BC was made a long time ago and the increasing distortion between the highest salary and the lowest one had been forcing several experts to leave the BC cadre ranks. Nevertheless, the decision of the CMN, which is presided over by Malan, was made at a sensitive moment and overturned all arguments of the economic team against granting full readjustment of the minimum wage, as well as the pensions paid by the Social Security Ministry, in accordance with the inflation rate increase.

Planalto Palace's reaction was swift. In Rio de Janeiro, presidential spokesman Sergio Amaral said that the decision announced by Minister Malan and the other members of the CMN, of which Planning Minister Jose Serra is also a member, was unauthorized. Amaral said: "There is no final decision on the issue." He added that there has been "no definite decision about granting this increase."

Amaral explained that a process involving the reorganization of the BC is under study, and that it seeks to improve the qualifications of its employees and to expand the BC cadre ranks in order to ameliorate the institution's supervisory action. The administration is also studying the possibility of adopting a program of voluntary dismissals and of expansion of the BC employee cadre ranks. He said: "The BC hasn't hired new employees in a long time."

Amaral also said that the administration opposes establishing any salary increase right now without further studies regarding the bank's reorganization process. "The issue will be discussed at the appropriate moment."

The whole problem started on 11 April, during a special meeting held by the CMN, in which Loyola's proposal to correct the BC salaries was approved. As a result, career employees with less seniority would receive a 48-percent salary increase. In practice, however, this increase would represent more, and could add up to as much as 77 percent. Loyola said on 12 April that the administration's orders to suspend the increase were well justified because it allowed the administration to "further" study the possible impact of the increase.

Brazil: Public Employees Strike For Salary Increase

PY1704024396 Sao Paulo AGENCIA ESTADO
in Portuguese 2128 GMT 16 Apr 96

[Report by Vannildo Mendes]

[FBIS Translated Excerpt] Brasilia, 16 Apr (AE) — Acting Administration Minister Claudia Costin today discarded the possibility of the federal administration granting any salary readjustment to public employees who have gone on strike for an indefinite period of time. The public employees want an immediate 46.19-percent readjustment to compensate for losses resulting from the implementation of the Real Plan. They are also protesting the constitutional reforms, particularly the administrative and social security reforms. In addition to closing the door to negotiations, the federal administration organized a war operation to neutralize the strike.

The Administration Ministry has sent a circular to all ministries requesting that they adopt measures to ensure the functioning of the public services, with a copy of Presidential Decree 1480, stipulating that employees who go on strike should not be paid for the days they do not work, as well as providing for dismissal of department chiefs who join the strike, and other sanctions against striking employees. The federal administration also summoned an extraordinary contingent of policemen, who have been occupying the Ministries Esplanade for two days. Even the Army police have been placed in a state of alert at Planalto Palace this morning. [passage omitted]

Brazil: Government Criticized on Intelligence Agency

PY1604134596 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 14 Apr 96 p A3

[Editorial from the "Notes and Information" Page: "A Bad Solution for the Intelligence Sector"]

[FBIS Translated Text] Civilian presidents do not know how to construct an efficient intelligence service that is also compatible with democracy and with the state of law. There has been a sort of reticence over structuring such an organ, with perhaps the fear that the public may become aware that the information produced by them is being used. It seems the defunct SNI [National Intelligence Service] really spoiled intelligence work. The same ambiguous feeling has burdened all presidents since Jose Sarney: None of them wanted those services, yet none of them has entirely done without them. The result is that poor intelligence services were rendered, and will continue to be rendered, to all the presidents, and the responsibility for this lies purely with the president. Fernando Henrique Cardoso has just overcome a

minor crisis in the sector. He did not take advantage of the opportunity, refused to confirm that the adopted model does not work, and has merely shifted the problem from one room to another. The subject, however, is too serious to be postponed for a later date: It involves the quality of information with which the government makes crucial decisions, and it also involves the security of the state.

Under the military governments, the National Information Service, as it was known, became involved in field operations of a political nature. Thus, democracy put the SNI under careful scrutiny, and concluded that this vicious organization was incompatible with a democratic state. The government, like any other democratic government, needs reliable information. Instead of killing the SNI and replacing it with an efficient intelligence system, complying with the new conditions of democratic coexistence and respect for the law, the government chose to eliminate the name of the institution and to patch up its structure. The result was inefficiency. To correct this, the intelligence service was made to operate as an under secretariat of the recently created Strategic Affairs Secretariat [SAE].

The level of inefficiency remained unchanged, and the situation was aggravated by the fact that at least two SAE chiefs did not want to head an intelligence service. The position of the two chiefs was respected by the presidents under whom they served. President Fernando Henrique Cardoso has come up with a *sui generis* solution to the case: He emphasized the intelligence nature of the SAE work and subordinated the SAE chief to the Secretary General of the Presidency. Meanwhile, a bill creating the Brazilian Intelligence Agency (Abin) has for years wandered to and fro, between Palace and Congress, without the government making a final decision on it. During this process the best analysts and agents resigned, discouraged by low salaries and an unclear professional future. Expensive specialized training was wasted, and valuable teams were dissolved, without any hope of recovering them in the future.

While all this was happening, a sterile debate was underway on the nature of the intelligence service. Time was wasted, and is still being wasted, on a foolish debate over whether information should be obtained by phone bugging, or whether the service should gather political information. No time, however, was devoted to a law establishing the limits for intelligence activities, limits that — if trespassed — would take agents and their leaders to court.

That is a really necessary debate. If information is gathered within the law, the mechanisms depend on a technical, professional decision. The major political

issue is to establish what the intelligence service can do and what it cannot do. The legal conditions under which the intelligence service must abide are known. Specialists in the subject and members of the defense committees of Congress know the limits. Consequently, this is not the factor that impeded the creation of Abin.

The fault lies in the indecisiveness of President Fernando Henrique Cardoso, who in this regard is neither worse nor better than his predecessors. The president does not want to mix his biography of a democrat with an activity that is still stigmatized by political repression. The point is, however, that doing nothing means doing something. The government's inertia and lack of definition led General Fernando Cardoso to resign as chief of the intelligence service subordinated to the general secretariat of the presidency. His resignation was the crowning point of a minor crisis that proved the military — who have been traditionally involved in intelligence activities — are dissatisfied with the way the subject is being handled. The solution the president found to avoid upsetting things even further was to place the intelligence service under the chief of the Military Household. It was a wrong decision. Intelligence services must preferably be headed by a civilian who is directly subordinated to the president. The system created by Planalto Palace may be comfortable for the president, but it is not good for the country and will not prevent what Professor Fernando Henrique Cardoso wants to prevent: That the limits of democracy and freedom be trespassed by the need to spy.

Brazil: Senator Analyzes Complexity of Patent Bill
PY1704014196 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 12 Apr 96 Section 1 p 3

[Commentary from the "Trends and Debates" page by Fernando Bezerra, Brazilian Democratic Movement Party senator from Rio Grande do Norte and president of the National Confederation of Industry: "Patents: A Complex Issue"]

[FBIS Translated Text] When I drafted the alternate text for the Patent Bill, which was approved by the Senate one month ago, I knew that the issue was controversial and complex. This is why arguments opposing the adopted concepts do not surprise me.

I believe, however, that it is important for the readers, in addition to being extremely democratic, to be able to make some considerations about the editorial published on Sunday, 7 April, by FOLHA DE SAO PAULO under the title of "Patent Aberration." In my opinion, this editorial contained assertions that did not correspond to the reality of the objectives, much less the contents

of the law on intellectual property that I would like to see my country adopt.

First of all, the alternate text approved by the Senate does not exceed the "demands of international organizations" with regard to the issue.

On the contrary, the text is entirely in accordance with what is established in the TRIPS [Trade-Related Intellectual Property Rights] accord of the WTO, which was signed by Brazil within the framework of the Uruguay Round of the GATT, and later ratified by our national Congress. As a matter of fact, this ratification grants the accord the characteristics of a norm with the force of a law.

With regard to the only item that has not been contemplated in the TRIPS — the adoption of the pipeline mechanism, which exists in the laws currently in force in many countries such as Canada, Mexico, the PRC, and Poland — I introduced in the text safeguards that were sufficient to protect the rights of the Brazilian enterprises that have produced and traded or invested for the production or trade in Brazil of products that have already been patented in other countries, without having an authorization from the patent holder.

The text also assures that there will be no retroactive payments or future "royalties" in these cases.

Condemnation of the pipeline's retroactivity is, therefore, nothing but a mechanism of exception that allows recognizing — in Brazil — patents that have been granted in other countries before the enforcement of the new law. This applies to products that have never been traded in any country of the world.

Protection will only be granted for the period of time remaining since the date the patent was conceded in the country of origin. The WTO recommends that this period of time be at least 20 years. Therefore, if 12 years have already elapsed since the patent was conceded and the product has never been traded in any market, the patent can be conceded in Brazil for the remaining eight years.

Another important aspect of the issue: Contrary to what the editorial states, the Senate's alternate bill contemplates, in an integrated and systematic manner the implementation of the compulsory licensing, as well as the demand that the product be manufactured locally.

If the patent holder imports the product, the bill authorizes parallel importing by third parties. Therefore, the text does not defend "monopoly over possible imports." The bill demands that the product be manufactured locally.

Finally, there is not, and could not be, any authorization in the alternate text for patenting of higher living beings. In this field, the text also complies with what is established in the TRIPS accord and considers non-patentable plants, animals, and essentially biological processes for production of plants and animals, except in the case of microorganisms and non-biological and microbiological processes.

No "species or race" can, therefore, be patented on the basis of the Senate's alternate text because it formally prevents any initiative in this regard.

Therefore, the Patent Bill that I have proposed after listening to representatives of all industrial areas as well as of the main technological centers, and that has been approved by the Federal Senate, is a modern law and has a great deal of common sense.

In addition to establishing the temporary privilege of commercialization, it is also an effective industrial policy instrument because it acts as a magnet to attract investment through the installation of new industries in the country and of an effective transfer of technologies.

Approval of this new law is of interest to both the country and its people. It is of interest to the country because it will allow the nation to be included among those that respect intellectual property, it will stimulate national inventions, and it will ensure productive investment.

It is of interest to the people because they will have access not only to products and processes of extremely advanced technology, but also to the benefits resulting from the creation of new jobs and the increased income resulting from these new investments.

Brazil: Government To Block Senate Vote on Privatization

PY1604174596 Rio de Janeiro O GLOBO
in Portuguese 14 Apr 96 p 4

[FBIS Translated Text] Brasilia — The administration is making a political effort to prevent Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] from including in the Senate voting agenda, in the next few days, a bill requiring the participation of Congress in the privatization process of the Rio Doce Valley Company [CVRD]. Sarney, who is engaged in an arm-wrestling contest with President Fernando Henrique Cardoso, has been saving a bill sponsored by Senator Jose Eduardo Dutra (PT-SE) [Workers Party-Sergipe] on the CVRD privatization as a trump card up his sleeve. Pro-government lawmakers fear Cardoso's insistence on the reelection issue could cause Sarney to launch an offensive because he assured Dutra that he would put the bill on the voting agenda by

the end of April. This is exactly what the administration is trying to avoid.

Arguing that the market would see the approval of the CVRD bill as a step backward in the privatization program, Planalto Palace representatives are meeting separately with each senator.

The CVRD bill requires prior congressional authorization for the sale of the CVRD or of any of its subsidiaries. Fearing a setback, the administration managed to exclude the CVRD bill from the voting agenda in August 1995. At that time, pro-government senators called for a 20-day period for the bill to be reviewed by the Constitution and Justice Committee. Now, just a few months later, the threat is still there. Dutra believes 27 senators will vote for the bill, most of them from states like Maranhao, Amazonas, Para, Espirito Santo, Minas, Bahia, Sergipe, and Tocantins, which benefit from the CVRD.

Within this group, one senator is in an awkward position: Government leader Elcio Alvares of Espirito Santo, whose state receives 8 percent of CVRD's profits. He already confided to his colleagues that he faces a predicament because his duties force him to reject a bill that he would otherwise endorse.

Senator Ney Suassuna (PMDB-PB) [Paraiba] has drafted an alternate bill that provides for the creation of congressional committee to monitor the privatization process. Suassuna's bill is ready, but he will only submit it when he deems it appropriate.

Brazil: Harmony in Relations With Argentina Viewed

96SM0235A Sao Paulo JORNAL DA TARDE
in Portuguese 11 Apr 96 p 1

[Editorial: "Now, Indeed, Everything Unites Us" — received via Internet]

[FBIS Translated Text] Whenever the presidents of Brazil and Argentina meet it is customary, on both sides of the border, to recall what [the late] Argentine President Saenz Pena said: "Everything unites us, nothing divides us." This is an attempt to show how cordial the relations between the two countries are. However, although they obeyed the most hallowed diplomatic canons, Saenz Pena's words never actually reflected reality; neither the reality that existed before they were pronounced, nor the one prevailing on the occasion when they were uttered, nor the one that continued for a long time afterward. With very rare and extremely brief periods of exception, the more than 150 years of diplomatic relations between the two countries as independent nations have been marked by an aggressive

rivalry—at times disguised, but almost always explicit. "The generation to which President Menem and I belong," the Brazilian president said in Monday's speech in Buenos Aires, "grew up thinking of Brazil and Argentina more as rivals than as partners. The numerous episodic attempts to launch a more effective partnership did not bear fruit."

For the first time, as is proven by President Fernando Henrique Cardoso's fifth trip to the country of President Carlos Menem and the first one classified as a state visit (the others were working meetings of Mercosur members), Saenz Pena's words convey the true status of our relations. Never have those relations, both political and economic, been as harmonious as now. The peaceful and surprisingly rapid evolution of the Mercosur is the best proof of this.

We need only compare what is happening in the European Economic Community—its cornerstone was laid more than 30 years ago, yet it is reopening the debate on the Maastricht Treaty in order to amend it and, very probably, postpone the entry of many of its axioms into force—with the trajectory of the Mercosur to realize what a diplomatic miracle is taking place on this side of the Atlantic, sponsored by Brazil and Argentina. The Mercosur was born less than 10 years ago. And the customs union of Brazil, Argentina, Paraguay, and Uruguay—one of the key points of the Mercosur—which was put into effect a little more than a year ago, is now complete, with no turning back.

During this period, the problems that cropped up and are more than natural and foreseeable in an undertaking of this size, were much smaller than had been anticipated and were circumvented without trauma. The Mercosur has progressed so quickly that special agreements will shortly be signed with Chile and Bolivia, and, in the not-too-distant future—maybe even this year—with Peru and Venezuela.

Today, however, Brazil-Argentina relations are not restricted to understandings in the realm of the Mercosur which, rather than a political and diplomatic issue, was an economic necessity in a world that is marching quickly toward globalization and the formation of big economic blocs. As President Fernando Henrique Cardoso said in Monday's speech, "The economic relationship between Brazil and Argentina must not be confused with the Mercosur. It goes beyond the Mercosur. It preceded the Mercosur. It was the genesis of the Mercosur."

The six agreements, besides the customary joint communique, that the two presidents signed yesterday fit within this context. Such agreements would have been unimaginable before the two countries came to understand "that

the approximation of our societies was our historic destiny," as the Brazilian president put it. Who could have guessed, until two or three years ago, that Brazil and Argentina, whose military strategies always provided for the possibility of a confrontation between their Armed Forces, would be signing cooperation agreements in the areas of security and nuclear energy? Or that they would be willing to work together to build a 1.5 megawatt hydroelectric plant on the Uruguay River, on the border between the two countries?

Now, indeed, Saenz Pena's prophecy is coming true.

Brazil: Fraudulent Passports Sold on Internet

96SM0235B Sao Paulo ESTADO DE SAO PAULO
in Portuguese 11 Apr 96 p 1

[Unattributed article: "Brazilian Document Costs \$40,000" — received via Internet]

[FBIS Translated Text] Passports from several countries have been offered for sale on the Internet—including those of Brazil, which are the most expensive (\$40,000 each). Wednesday, after charges appeared in the Argentine media, one of the companies that had been offering the service to surfers on the worldwide network mysteriously disappeared, although retaining its e-mail address: <http://taxbomber.com>.

The operation was set up by Privacy Tools, Inc., a Panamanian firm, to sell passports illegally for delivery within 90 days following payment. Prices ranged from \$22,000 to \$40,000. Privacy has also offered passports from Argentina, the Dominican Republic, Honduras, Belize, Panama, Venezuela, Hungary, Bolivia, Paraguay, and Cape Verde. (The second most expensive, the U.S. passport, sold for \$37,000).

"There is interest in Brazilian passports because of the possibility of investing in land in that country, since only native-born or naturalized Brazilians are allowed to buy large tracts of land there," an employee of the Argentine foreign ministry said. The Brazilian Federal Police said yesterday that they still do not yet have official information on the matter. Argentine passports, offered at \$32,000, are accompanied by the following slogan: "Argentine passports, the best that money can buy."

The advantage is that the company promises early delivery of the fake Argentine passport, the only one that, after the end of this year, will permit free entry into the United States for short trips without a requirement to obtain a visa. This advantage is touted on the Internet as an example "of the high esteem in which Argentine citizens are held all over the world." According to the company, "Right now, an Argentine passport allows free

entry into most of the civilized world, even the European Union."

"Obtaining permanent residency in these countries with this high-quality passport is no problem," Privacy's ad reads. "We will see how much truth there is to those statements," said Argentine Foreign Minister Guido di Tella. Adrian Pallachi, chief of the Argentine federal police, classified the offer as a potential swindle in which naive purchasers will get an unpleasant surprise when they pay their money and agree to wait 90 days for the document.

Camouflage

Another company, Expat World, based in Singapore and using the e-mail address <http://www.ultimate.org/expat/2497a.html>, offers "camouflaged passports" from 13 countries. The trick is in the use of names of countries that no longer exist—such as the Soviet Union—or that have changed names, such as Rhodesia, now Zimbabwe. Expat's ad reads: "A camouflaged passport could save your life; carry your camouflaged passport whenever you might need it as a tourist, in an emergency, everywhere."

According to the company, the passport includes a photograph, vital statistics, and entry and exit stamps from other countries. For an additional fee drivers' licenses are another service offered by Expat from the same countries. The firm's 60-page catalogue costs \$50—payable in cash, check, postal money order, or by credit card.

Brazil: Unemployment in 1998 Forecast at 7 Million
96SM0235C Rio de Janeiro JORNAL DO BRASIL
in Portuguese 8 Apr 96 p 1

[Unattributed article: "Seven Million Jobless in 1998" — received via Internet]

[FBIS Translated Text] Unemployment is going to rise precipitously and affect 10 percent of the economically active population by 1998—this means 7.1 million people, 2.7 million more jobless than exist today in all of Brazil. This prediction comes from Macrometrica, a consulting firm, and is based on what happened in countries like Israel and Argentina during the first few years following the adoption of the exchange anchor to make imports cheaper and hold down internal prices. Macrometrica was founded by Francisco Lopes, one of the economists who has contributed the most to the government. He left the firm last year to become a director of the Central Bank.

"Because they must compete with imports, companies cannot raise their prices. Despite this, inflation does not decline drastically, because prices of services are

not affected by international competition. Therefore, wage adjustment indices tend to be larger than product price adjustments, so that companies have to reduce their profit margins and increase their productivity," explained economist Estevao Kopschitz, a partner in Macrometrica. That means producing more with fewer employees.

Brazil now has about 4.4 million unemployed nationwide, if one uses the 6.2 percent unemployment rate published in the latest National Survey of Sample Households (PNAD), taken in 1993. According to experts at the Brazilian Institute of Geography and Statistics (IBGE), the present rate must be about the same.

Last year, in the six major metropolitan regions (Rio de Janeiro, Sao Paulo, Belo Horizonte, Porto Alegre, Salvador, and Recife), the rate was 4.6 percent of the economically active population. The administration loves to use this figure, which reflects the brisk pace of business activity during the first quarter of 1995. But since last May, when growth started being curbed, unemployment has risen without pause. In February, the IBGE announced the highest rate since the launching of the Real Plan: 5.7 percent.

Brazil: Loyola, Malan Testify on Bank Bailouts
96SM0237A Rio de Janeiro JORNAL DO BRASIL
in Portuguese 12 Apr 96 p 1

[Article by Maria Luiza Abbott: "BC Received Discounted Securities From Banco Nacional" — received via Internet]

[FBIS Translated Text] Over 90 percent of the guarantees are FCVS [Compensation Fund for Salary Variations] securities.

Brasilia—Nearly all the guarantees provided to the Central Bank (BC) as security for loans to the Banco Nacional by the Program for Encouraging the Restructuring and Strengthening of the Financial System (Proer) are in the form of discounted government securities.

"Over 90 percent of the guarantees are in the form of securities issued by the Compensation Fund for Salary Variations (FCVS)," admitted Gustavo Loyola, president of the BC, in response to a question by Senator Eduardo Suplicy (PT [Workers Party], Sao Paulo) of the Senate Committee on Economic Affairs.

Proer's loans to the Banco Nacional total 7.1 billion reais. In exchange for those loans, the Banco Nacional provided 6.3 billion reais in FCVS securities, which the BC accepted at face value—that is, the amount written on the securities. But those securities are traded at a discount on the secondary market because of the feeling that the National Treasury is unlikely to pay that debt.

Loyola himself explained that the Banco Nacional had bought FCVS securities from other institutions at an average discount of 57 percent to put together the required guarantees. According to the president of the BC, the Treasury is legally obligated to redeem that paper. "If the government does not pay off the FCVS securities, the Severance Pay Fund (FGTS) will go broke, because a good share of the fund consists of FCVS bonds," Loyola argued in justification of the deal.

But the senator did not accept that answer, arguing that the difference between the paper's face value and what was actually paid by the Banco Nacional was a loss that the BC would transfer to the Treasury.

Banespa—In his testimony before the Senate, Minister of Finance Pedro Malan defended the restructuring agreement for the Sao Paulo State Bank (Banespa) that is now being examined by the committee. He said that the solution adopted for Banespa would be included on the menu of options being prepared by the government for recovery of the state banks.

Besides that type of agreement, the governors will also be able to choose the solution adopted in the case of Banerj (Rio de Janeiro State Bank), which includes privatization.

Malan became confused while defending the agreement with Banespa. "Approval (of the agreement) by the committee and the full Senate is not necessary. There will be a change in the nature of the debt owed by the Sao Paulo state government, not an increase in the debt," he said in explanation of his statement.

Later, speaking through his press office, the minister said there had been a misunderstanding. What he had actually wanted to say was that a thorough study by the Senate was not necessary because there would be no increase in debt. The government submitted the agreement because it is the Senate's responsibility to express an opinion on debt rollovers and guarantees provided to the Treasury.

Brazil: Loyola, Malan Testify on Loan to Excel Bank

96SM0237B Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Apr 96 p 1

[Article by Maria Luiza Abbott: "Excel To Receive Billions in Aid" — received via Internet]

[FBIS Translated Text] Various loans for purchasing the Banco Economico total 2.9 billion reais, including 750 million reais in cash.

Brasilia—Excel Bank is going to receive 750 million reais net from the Program for Encouraging the Re-

structuring and Strengthening of the Financial System (Proer) with which to take over the Banco Economico. In addition to that loan at privileged rates, Excel is asking for another 200 million reais at market rates with which to restructure the new bank. The Banco Excel-Economico is scheduled to open on 29 April or 2 May, according to Gustavo Loyola, president of the Central Bank [BC].

Senator Ney Suassuna (PMDB [Brazilian Democratic Movement Party], Paraiba), chairman of the committee examining Proer's provisional measure, asserted that the loan to guarantee Excel's purchase of the Banco Economico totals 2.9 billion reais, a figure almost equal to the government's total investment in schools, roads, and similar items during all of last year (3 billion reais). Suassuna explained that the 750 million reais will be used to cover the gap between assets (equity, loans, and so on) and liabilities (debts, customer deposits, and so on). Another 2.2 billion reais are to cover debts representing the Banco Economico's previous rediscount operations with the Central Bank. That second parcel would remain with the BC to pay off prior debts, and for that reason, Loyola is said to be using only the net figure, which is lower.

The information in question was provided by the president of the BC as he testified before the Senate Committee on Economic Affairs for almost five hours yesterday in the company of Minister of Finance Pedro Malan. Loyola and Malan calmly defended the help being given to the financial system and also discussed all the individual bank crises still pending—everything from the intervention in Banespa [Sao Paulo State Bank] and Banerj [Rio de Janeiro State Bank] in 1994 to that in the Banco Mercantil in Pernambuco at the end of 1995.

Malan stressed the argument that Proer's financing for banks does not constitute direct grants. "There will be a return on Proer's operations; they are not donations to the bankers," Malan said in an effort to overcome the tremendous amount of confusion regarding the source of the funds. Proer represents financing by the BC with funds originating, in the final analysis, in the issue of currency or securities, and it presupposes that the loans will be repaid. Funds for investment in schools or roads have their source in tax collections.

In exchange for the loan from Proer, the Banco Economico-Excel has provided guarantees totaling 120 percent of the amount received, as is stipulated by the provisional measure that established the program. However, the largest share of those guarantees consists of government securities such as those issued by the Compensation Fund for Salary Variations (FCVS),

which have a low market value because of the feeling that the National Treasury is not likely to pay that debt. "The FCVS is a legal obligation," Loyola explained.

Apart from the loans, Excel also has the advantage of getting the Banco Economico for free. "Excel is not going to pay anything because contrary to the situation in the Banco Nacional, which was in operation, the Banco Economico has lost customers, and investments will be needed to reopen it," said the president of the BC.

The new bank will have capital of 500 million reais. Excel will have the controlling interest, and there will also be a foreign partner. Confirmation that that partner will be the Union Bancaire Privee (UBP) of Switzerland is awaiting consultation with the central banks in the United States and Switzerland to ascertain the institution's situation in those countries. Former creditors of the Banco Economico will also be shareholders, since they have agreed to exchange their loans totaling 200 million reais for shares in the Banco Excel-Economico.

The new bank is assuming assets and liabilities totaling 2.4 billion reais, including the Banco Economico's obligations to all its customers, its 248 branches, and its employees. The additional line of credit totaling 200 million reais as requested by Excel at market rates will depend upon "the demonstration of actual need," said Loyola. The Central Bank is receiving between 3.5 billion and 3.6 billion reais worth of the old bank's assets, said Loyola. He also stated that the Banco Economico's shareholding interests in other firms such as companies in the petrochemical industry, Coca-Cola, and others will remain on the list of assets remaining with the BC.

The president of the BC justified the loans as being a way of helping charitable institutions. He told the room full of congressmen that the funds would also be used to pay depositors, including philanthropic institutions. "About four or five nationally important philanthropic institutions based in Bahia wrote to ask that we lift the freeze on their funds deposited in the Banco Economico," he said.

Brazil: Proer Loan to Excel Bank Detailed

96SM0237C Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 12 Apr 96 p 1

[Unattributed article: "Bank To Receive 750 Million Reals From Proer" — received via Internet]

[FBIS Translated Text] Brasilia—Excel Bank is going to buy the Banco Economico without spending a cent. The bank will receive a 750 million real loan from the Program to Encourage the Restructuring and Strength-

ening of the National Financial System (Proer) and a line of credit totaling 200 million reais at market rates for restructuring the bank, making a total of 950 million reais. The loan to Excel is therefore more than four times greater than the 200 million reais initially announced by the BC [Central Bank].

That information was provided on Thursday by the president of the Central Bank, Gustavo Loyola, as he and Minister of Finance Pedro Malan testified before the Senate Committee on Economic Affairs. He explained that in order to reopen the bank, Excel would have to invest. "Excel is not going to pay anything. On the other hand, reactivating the Banco Economico requires investments," he said.

According to Senator Ney Suassuna (PMDB [Brazilian Democratic Movement Party], Paraiba), however, the BC is lending a total of 2.9 billion reais to the old Banco Economico, which will then transfer the 750 million reais to the new bank, Excel-Economico. The senator explained that the Banco Economico would use the difference of 2.15 billion reais to pay off its debt for the financial help it requested from the Central Bank before the intervention occurred on 11 August of last year.

This means that the part of the Banco Economico remaining under the BC's control will be exchanging a rediscount debt owed to the BC itself, which carries punitive rates, for a debt to Proer at subsidized rates. The agreement, which Loyola asserted would be formalized "by today at the latest," may include a line of financing totaling 200 million reais for restructuring the new bank.

Loyola emphasized that Excel would pay market rates for that line of financing. Concerning the Proer loan, the president of the BC announced that it would receive Excel's guarantees in the form of government securities. According to law, those guarantees must equal 120 percent of the total being borrowed. In explaining the details of the agreement yesterday, Loyola announced that the new bank would have capital of approximately 500 million reais, including a planned 70 million reais in foreign capital.

He was referring to the Union Bancaire Privee, which is being investigated in the United States and Switzerland. "We have requested information from the authorities in both countries. If there are restrictions, we are going to think about it," Loyola said, but without explaining the impact that those restrictions would have on the agreement. In absorbing the Banco Economico, Excel will assume total liabilities of 2.4 billion reais and the corresponding assets, including the 750 million reais from Proer, the purpose of which is to balance the

assets—meaning the credits—with the liabilities, which correspond to the debts.

Also to be absorbed by Excel are the Bahia bank's 248 branches and its personnel. The operation is similar to what was done in the case of the Banco Nacional and Unibanco, the common denominator being that the Central Bank gets left with the worthless part of the absorbed bank. But Unibanco paid about 1 billion reais to purchase the Banco Nacional. In the case of the Banco Economico, the total assets left with the BC will amount to 3.5 billion reais, part of which consists of investments in petrochemicals.

But Loyola did not reveal the amount of liabilities—that is, the debts being inherited.

Brazil: Malan Defends Loan For Banespa Bank

96SM0237D Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 12 Apr 96 p 1

[Unattributed article: "Minister of Finance Defends Fast Approval of Loan to Sao Paulo" — received via Internet]

[FBIS Translated Text] Brasilia—Minister of Finance Pedro Malan said on Thursday that the alternatives to the agreement allowing the return of Banespa [Sao Paulo State Bank] to the Sao Paulo government "involve higher costs" for society and the Treasury. "I am thinking once again of the depositors," he said. While testifying before the Senate Committee on Economic Affairs, Malan defended the Treasury's 7.5 billion real loan to enable the Sao Paulo government to pay half of its debt to Banespa.

"I view with concern the delay in finalizing the agreement," he said in reference to the difficulties which the loan request is facing in the Senate. Malan became confused and asked for help from Gustavo Loyola, president of the Central Bank [BC], when Senator Ney Suassuna (PMDB [Brazilian Democratic Movement Party], Paraiba) asked why it was that the government wanted the Senate to approve a loan which, according to the very report submitted by the BC, would exceed Sao Paulo's debt limit.

"The Central Bank merely makes a technical and objective analysis," the minister tried to explain. "The Central Bank's opinion has never prevented the Senate from making the decision it considers most appropriate," he added. Loyola came to Malan's aid, saying that the Central Bank's opinion does not contain "a negative recommendation" regarding Sao Paulo's request for a loan.

"In such cases, the Central Bank is only the mathematician," Loyola explained. "The decision is always up to

the Senate, in accordance with its constitutional prerogative." Following the statements by Malan and Loyola, Senator Pedro Piva (PSDB [Brazilian Social Democracy Party], Sao Paulo) said jokingly that he had decided not to hire Senator Antonio Carlos Magalhaes (ACM) (PFL [Liberal Front Party], Bahia) as Banespa's defense attorney.

ACM was able to reopen the Banco Economico even with all the opposition from the economic area. "I decided not to hire you because I find that the best attorney today is Minister Malan," Piva said. ACM, who was in front of him, merely laughed. The minister of finance also said that any governor could ask the administration for the same treatment that Banespa was receiving.

"We are willing to negotiate on the basis of a menu of options containing variations on proposals along the lines of those in Banespa's case," Malan said. "Provided that the governor agrees to pay half of his debts to the state bank with assets and provides his ICMS [goods and services movement tax] revenues and his quotas from the participation fund as a guarantee," he explained. In an ironic tone, Senator Pedro Simon (PMDB, Rio Grande do Sul) said that the minister of finance should get ready to receive the same kinds of assets as those offered by the Sao Paulo government—airports, for example—in payment of the debts.

"Bahia is going to offer Abaete Lake, Rio de Janeiro wants to hand over Sugarloaf Mountain, and we in Rio Grande do Sul are going to try to sell the sunset over the Guaiba River," said Simon, drawing laughter from the other senators.

Brazil: Banco Economico's Losses Total R2.6 Billion

96SM0237E Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 12 Apr 96 p 1

[Unattributed article: "Official Assets Insufficient To Cover 10 Percent of Banco Economico's Losses" — received via Internet]

[FBIS Translated Text] Brasilia—The personal property registered in the name of former banker Angelo Calmon de Sa adds up to less than \$100 million. Even if the court orders the sequestration of his entire assets, his property will be insufficient to cover 10 percent of the losses discovered by the Central Bank's Investigating Committee on the Banco Economico. The investigating committee's final report, already submitted to the court in Salvador, indicates losses totaling 2.6 billion reais by the Bahia bank in over 20 kinds of different operations.

The investigating committee listed 185 irregular operations in connection with only one of the securities, classified as "loans to affiliated firms." The decision to order sequestration of Angelo Calmon de Sa's property and that of the Banco Economico's other former directors, as required by Law No. 6,024, is now on the hands of the ordinary judge in Salvador, explained a source in the Central Bank's Legal Department.

Based on the investigating committee's final report, which is still being analyzed, the Central Bank will file more criminal complaints against the former banker with the Public Prosecutor's Office, based this time on the White Collar Law. So far the Central Bank has filed four criminal complaints for fraudulent management against the Banco Economico. Completion of the investigation may result in the arrest of all those responsible for the Bahia bank's illegal operations.

Brazil: STF To Reject Social Security Reform Motion

96SM0239A Sao Paulo FOLHA DE SAO PAULO
in Portuguese 15 Apr 96 p 1

[Article by Raquel Ulhoa: "Social Security: STF Inclined To Keep Reform" — received via Internet]

[FBIS Translated Text] In Justice Marco Aurelio de Mello's opinion, citizens should have a way to appeal congressional decisions in court.

Brasilia—A survey by FOLHA DE SAO PAULO of a number of justices and high-ranking advisers on the Federal Supreme Court (STF) indicates that Justice Marco Aurelio de Mello's preliminary injunction suspending action on social security reform will be overturned.

Mello is isolated on the STF, and yesterday he criticized his colleagues on the court. Some justices ventured to guess at a score: the vote will be 10 to one in favor of continuing the process.

Last Friday Mello issued a preliminary injunction backing a writ of security proposed by the opposition for halting the process.

The PT [Workers Party], PDT [Democratic Labor Party], and PCdoB [Communist Party of Brazil] allege that there has been a violation of the Constitution and of the Chamber of Deputies' internal rules.

Their reasoning is that the report by Deputy Euler Ribeiro (PMDB [Brazilian Democratic Movement Party], Amazonas) dealing with the reform has been rejected in the Chamber of Deputies, so the matter cannot be placed back on the agenda until next year. The Constitution stipulates that the subject matter of draft

amendments rejected or deemed prejudiced cannot be the subject of a new bill until the following legislative session.

Sections of the reform bill that was introduced by the former rapporteur, Deputy Euler Ribeiro (PMDB, Amazonas), and rejected by the Chamber of Deputies on 6 March are included in the current substitute bill as introduced by Deputy Michel Temer (PMDB, Sao Paulo).

Mello's defeat is regarded as certain because there are legal precedents on the STF for not suspending action on a bill in Congress regardless of whether it concerns an ordinary law or a constitutional amendment. The justices also feel that the issue is not a constitutional matter and that that being the case, it does not fall under the STF's jurisdiction.

Marco Aurelio de Mello said yesterday that he was "super convinced" that he had made the right decision in granting a preliminary injunction suspending action by the Chamber of Deputies on the proposed social security reform.

Foreseeing that the STF would probably reverse his decision, Mello criticized the behavior of his colleagues.

In his opinion, the Supreme Court must abandon its traditional posture of not interfering in matters considered by the justices to constitute the legislative branch's internal affairs—matters known as "interna corporis." "That is a speculative and accommodating view that is not in keeping with the STF's authority, which is to guard the Constitution," he said.

His view is that if the STF rules in favor of an appeal against his decision on the grounds that the reform is a matter of "interna corporis," citizens will have no one to turn to if they feel harmed by an act of Congress.

Mello asked: "If we cannot judge acts by the legislative branch, where is the citizen going to take his appeal? To the pope? To the court in The Hague?"

Brazil: Roundup of Economic Reports Through 16 Apr

PY1704023896

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 16 April:

Financial Operations

Elf Aquitaine To Produce Oil — Elf Aquitaine, the largest French private company, has closed a joint-venture deal with Fonte Bank and the Caca Group. With the formation of this joint venture, whose objective is to

introduce lubricating oil produced by Elf in Brazil, Elf will enter the Brazilian market. Besides manufacturing lubricating oil, Elf intends to import synthetic oil, which is more appropriate for imported cars. The oil will be produced in Pirassununga, Sao Paulo, in May and sales will begin in June. According to a Banco Fonte manager, Elf owns 51 percent of the capital of this joint venture, Fonte Bank owns 34 percent, the Caca Group 15 percent, and businessman Antonio Alberto Gouveia Vieira 3.4 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1630 GMT 16 Apr 96)

Bonds To Be Launched in Portugal — Central Bank Foreign Area Director Gustavo Franco has announced the conditions to launch \$80 million worth of bonds in Portugal. They will have a three-year maturity term, paying Lisbon rate which is the Portuguese market going rate, plus 2.4 percent per year. Franco said that the sale of bonds in Portugal corresponds to a strategy involving helping investors become aware of the success of the Brazilian economic stabilization plan. The operation will be handled through the Portuguese banks Finantia and Cif. (Sao Paulo AGENCIA ESTADO in Portuguese 1505 GMT 16 Apr 96)

Fiscal, Monetary Issues

Bank Rescue Operation Described — The Central Bank, BC, will spend 2.95 billion reais, R, from the Program To Encourage the Reorganization and Strengthening of the National Financial System, Proer, in the Economico Bank, as asserted by Central Bank President Gustavo Loyola to the Senate Economic Affairs Committee on 11 April. Of that total sum, R750 million will be used to balance the assets (credits receivable) and liabilities (obligations with clients) and will receive in guarantee public titles as foreseen in the Provisional Measure on bank mergers. The remaining R2.2 billion has already been used to pay part of the Economico Bank's debt with the BC rediscount line, which amounts to R3.5 billion. The BC rediscount line serves to help financial institutions with problems. The Excel will even receive another R200 million to restructure and modernize the new bank. The loan will be given to the Economico Bank, which is bankrupt. Once the bank operations are balanced, it will be transferred to the Excel Bank. The capital of the new Excel/Economico Bank will amount to R500 million, including the participation of R200 million from foreign pension funds. The new bank will have assets and liabilities amounting to R2.5 billion each, and its size will be slightly smaller than the former Economico Bank. The total assets that will remain in the old Economico Bank will amount to R3.5 billion, including participation in Petrochemical and other non-financial companies. (Sao Paulo FOLHA

DE SAO PAULO in Portuguese 12 Apr 96 Section 1 p 6)

Financial System Default Increases — Of each \$100 lent by banks in 1995, \$4.40 involved loans with problems. In comparison with 1994, the delinquent loans from the financial system increased considerably in 1995. In 1994, for each \$100 lent, \$2.40 involved problems. This was reported by the EFC Consulting Firm, which analyzed nine wholesale banks: Bradesco, Unibanco, Itau, Bamerindus, CBN, Real, Sudameris, America do Sul, and Noroeste Banks. The total volume of delinquent loans increased by 235 percent in 1995, jumping from \$719 million to \$2.4 billion. In order to compensate for the inflation related losses the banks suffered with the implementation of the Real Plan, the banks increased their loans by 21 percent. The banks also increased their safeguard measures for credit loans, although not in the same proportion as the debts in arrears, from \$1.3 billion to \$2.8 billion. During the first few months of 1996, delinquency again increased, especially among individuals. (Sao Paulo AGENCIA ESTADO in Portuguese 0008 GMT 13 Apr 96)

Fiscal Goals Announced — President Fernando Henrique Cardoso announced on 12 April that following a meeting with the economic team on the evening of 11 April, he has decided to establish as a goal for 1996 a primary fiscal surplus of 2-2.5 percent of the GDP. Last year the difference between expenses and income (the federal administration, the states, municipalities, and public companies) registered a deficit of 4.95 percent of the GDP. Cardoso said that the decision has been made, although he did not reveal how the government will manage to switch this deficit into a surplus. (Sao Paulo AGENCIA ESTADO in Portuguese 2249 GMT 12 Apr 96)

Privatization

Vale do Rio Doce Privatization Reported — Osami Taichiro, director president of Nippon Steel Empreendimentos Siderurgicos company, which owns 13.8 percent of the voting capital of the Vale do Rio Doce, CVRD, has acknowledged that the privatization of the CVRD currently represents a concern for his company. He said that his mother company, the Japanese Nippon Steel, will not participate in the auction of the CVRD. He added that Nippon Steel has a joint venture with the CVRD in a pellet-making manufacturing company and that it is trying to keep informed on the privatization process. He said that the economic difficulties Japan is currently experiencing will not allow any Japanese company to participate in the privatization auction. He said that inflation in Brazil is still high for international standards, and the public deficit is worrisome. Taichiro also ruled

out any possibility that Nippon Steel wants to buy the 7.9 percent participation of the Bozano Simonsen Bank in the Usiminas company. (Sao Paulo GAZETA MERCANTIL in Portuguese 15 Apr 96 p B9)

Trade Issues

Trade Balance Deficit Registered — Economic sources reported that the Brazilian trade balance has a cumulative \$300-million deficit for the first quarter of the year, which could complicate the Brazilian Government's expectations of registering a \$3,000-billion surplus this year. The Brazilian trade balance registered a \$400-million deficit in March as a result of the difference between \$3.8 billion worth of imports and \$3.4 billion worth of exports. (Madrid EFE in Spanish 1501 GMT 16 Apr 96)

Chile

Chile: Insulza, Bolivia's Aranibar on New Accord
PY1604212096 Santiago EL MERCURIO in Spanish
14 Apr 96 p C4

[By Elia Simeone]

[FBIS Translated Excerpt] Cochabamba — The Bolivian and Chilean foreign ministers, Antonio Aranibar and Jose Miguel Insulza, respectively, have agreed in Cochabamba that the Chilean and Bolivian Foreign Ministries will continue to work closely in the drafting of a new bilateral agreement that will encompass issues such as the use of ports, roads, warehouses, and free trade and investments, among others.

The idea is to modernize and encompass in a new agreement all the bilateral agreements and protocols on this issue, with the objective of drafting an agreement that will enable the two countries to gradually and swiftly achieve the integration of the two countries. This undertaking does not encompass amending the 1904 Treaty. This was clearly specified by Foreign Minister Insulza, who informed the press: "We are not willing to revise the 1904 Treaty."

According to reliable sources, this was the main subject discussed during a luncheon held by Aranibar and Insulza. The foreign ministers merely informed the press that they held a fruitful meeting and that the two governments hope to continue achieving progress on the drafting of an overall agenda encompassing all those subjects that are important to the two countries.

One of the diplomats who attended the Aranibar-Insulza meeting informed EL MERCURIO: "There is an agreement to move forward through the achievement of a new agreement that will encompass issues such as ports, roads, warehouses, free trade, investments, etc.

However, the issue under discussion is how to achieve this goal, how to handle the Bolivian sovereignty issue, which the Bolivian Government is going to raise at some point, and obtain the approval of the Chilean position because the current policy is to discuss Bolivia's access to the Pacific Ocean and not Bolivian sovereignty."

Concern Over Protests

Another issue discussed during the meeting was the violent hostility expressed in La Paz against Chilean investments. Foreign Minister Insulza expressed the concern of the Chilean Government and Chilean businessmen over the recent incidents that occurred within the framework of a general strike staged to repudiate the privatization plan implemented by the administration headed by President Gonzalo Sanchez de Lozada.

Insulza said: "I expressed our concern and stated that for us the importance lies in whether the Bolivian Government will fully guarantee Chilean investments within the framework of Bolivian law and the agreement for the promotion and protection of investments. We did not request any special treatment for Chilean capital. We only requested that we be treated in the same manner as Bolivian companies are treated in compliance with Bolivian law and the protection all foreign investors are entitled to receive."

Aranibar said that the Bolivian Government offers all guarantees to Chilean investors and stressed that the incidents in which demonstrators destroyed the offices of Lan-Chile and the National Railway Enterprise, 50 percent of which is owned by Chilean capital, were isolated.

Regarding bilateral ties, Foreign Minister Insulza said they have to be broached in an integral manner, including historic and current issues.

He said: "Every foreign minister probably assumes this post with the intention of resolving these problems. This is a very complex issue that must be dealt with in a calm, discreet, careful, and consistent manner, always trying to say the right thing because the wrong word can jeopardize our bilateral ties and our negotiations." Asked by Bolivian newsmen when, beyond the usual optimistic statements, the sea issue will be addressed, Insulza responded that Chile and Bolivia are discussing this issue and that it has generated a series of proposals after the signing of the 1904 Treaty.

Insulza said: "Perhaps we have experienced difficulties because the issue has been discussed in an isolated manner. Chile is interested in strengthening bilateral ties in an integral manner without excluding any issue, but we also want to achieve a solid, and stable relationship

in all areas. Therefore, when we have more solid and more specific bases, we will make the proper announcements. Before this is achieved, it would be premature to do so. I want to reassert, nevertheless, that we are willing to discuss all the issues that are raised within this framework, and that I hope we will be able to achieve a suitable solution."

To the Chilean press, Insulza remarked that Aranibar did not raise any specific proposal regarding the sea outlet issue. [passage omitted]

Chile: Peru Not To Resubmit Lima Conventions to Congress

PY1604180296 Santiago EL MERCURIO in Spanish
15 Apr 96 pp A1, A12

[Article by Elia Simeone]

[FBIS Translated Excerpt] Cochabamba — The Peruvian Government has told the Chilean Government that it will not resubmit the Lima Conventions to Congress for their approval. Therefore, Chile and Peru will start a new round of negotiations to find a solution to pending points of the 1929 Treaty and its complementary protocol.

The issue was discussed by Peruvian Foreign Minister Francisco Tudela and Chilean Foreign Minister Jose Miguel Insulza during a meeting yesterday at about midnight. [passage omitted]

In view of this, Foreign Minister Tudela asked Insulza for a bilateral meeting. The meeting was held last night in Cochabamba during the Sixth Rio Group and EU Foreign Ministers Meeting.

Foreign Minister Insulza did not want to confirm or deny the recent exchange of notes between the Chilean and Peruvian Foreign Ministries. He merely told EL MERCURIO that he would discuss the Lima Conventions with Tudela. He remarked: "The Chilean Government reasserted that we are absolutely willing to comply with what is established in the 1929 Treaty. We are not in a hurry and it will be up to the Peruvian Government to determine the best way to comply with the treaty." [passage omitted]

From the note that Chile submitted to Peru it can be established that, during the next few days, Foreign Minister Insulza will address both chambers of Congress to officially inform them about the executive branch decision to withdraw the Lima Conventions from the legislative branch as has been done by Peru.

Chile: Insulza Says Annex Issue With Peru To Be Avoided

PY1704032596 Santiago Universidad Catolica
Television Internacional in Spanish
0100 GMT 17 Apr 96

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza asserted that the Lima Conventions are now a part of history; Chile will begin new negotiations with Peru only to reach a decision regarding the fate of the infrastructure built in Arica to grant Peru services, and not to reach a decision regarding annex issues.

In Minister Jose Miguel Insulza's opinion, Peru's decision to set the Lima Conventions aside after three years of negotiations represents a clear setback, and he announced that Chile will also withdraw the Lima Conventions from Congress.

He explained that the only thing Chile will negotiate with Peru now is the issue of how to administer the port, customs, and railway facilities built by Chile in Arica to grant services to Peru in compliance with the 1929 Treaty.

[Begin Insulza recording] I believe the Lima Conventions had quite an ambitious framework. Many a time one tries to solve all the problems, and some that were not included in the 1929 Treaty. But what I do want to say is that we are not going to make the same mistake of negotiating annex subjects. What we are going to discuss with Peru refers strictly to the handing over of projects that have already been approved and that, according to the 1929 Treaty, are at Peru's service. [end recording]

The annex subjects that resulted in failure to obtain Peru's approval refer to the fate of Chinchorro and the museum on the Arica hill and the historical content of the Pacific war in the text books of the two countries.

Chile: Irish Official Meets Frei, Insulza

PY1704004096 Santiago EL MERCURIO in Spanish
12 Apr 96 p 2

[FBIS Translated Excerpt] Irish Deputy Prime Minister Richard Spring, who is also foreign minister, on 11 April voiced his government's support for the negotiations Chile and the EU are carrying out to establish the legal framework for a future political and economic partnership.

Following a working meeting with Chilean Foreign Minister Jose Miguel Insulza, he pointed to "the excellent relationship" between Chile and Ireland.

After meeting with Insulza, he went to La Moneda Palace, where President Frei granted him an audience. [passage omitted]

Spring asserted that the EU is willing to strengthen relations with Chile, but that it is also aware of the negotiations held by Chile with the Common Market of the South [Mercosur] member countries, and of the ties between the European and South American blocs. [passage omitted]

Colombia

Colombia: Commander Interviewed on Convoy Ambush

PA1604163096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1326 GMT 16 Apr 96

[Telephone interview with General Mario Hugo Galan, commander of the 3d Army Division, by Alvaro Guillen, Dario Arizmendi, and Judith Sarmiento; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Guillen] General, we regret the latest developments. What can you report?

[Galan] Unfortunately, it is my duty to report that a six-vehicle military convoy was blown up at about 1800 on 15 April. One officer, eight noncommissioned officers, and 45 soldiers were traveling [words indistinct] military base. They had been assigned to guard Ecopetrol [Colombian Petroleum Enterprise] pumping facilities, specifically those of the trans-Andean pipeline.

Lieutenant Colonel Moreno and the brigade commander have told me that one officer, two noncommissioned officers, and 15 soldiers were injured. Unfortunately, the same sources report that one noncommissioned officer and 30 soldiers were injured. [sentence as heard]

Groups 29, 32, and 48 of the FARC [Revolutionary Armed Forces of Colombia], operating in Putumayo and Narino Departments, apparently carried out this terrorist attack.

[Guillen] Were the 30 soldiers injured or killed? You said injured.

[Galan] No. Col. Moreno and the Cabal Group reported that one noncommissioned officer and 30 soldiers were killed and that one officer, two noncommissioned officers, and 15 soldiers were injured. That is the information I have so far. Third Brigade Commander Gen. Miranda traveled to Ipiates [words indistinct] this regrettable situation early today.

[Guillen] Commander, when did the attack occur? Were the forces on rotation?

[Galan] No. These troops had been carrying out their duties since 12 April [words indistinct] and on the afternoon of 15 April, under the leadership of the Cabal Group commander, they were returning when they were ambushed between 1800 and 1830, about 5 or 6 kilometers from the [word indistinct] base.

[Arizmendi] We send our greetings and condolences to Gen. Mario Hugo Galan. General, what have the survivors said? About 150 members of FARC fronts 29, 32, and 48 reportedly staged the attack. What do you know about this?

[Galan] I have not yet been able to have direct contact with the injured, because they are receiving medical attention at the hospital and at the battalion nursing unit. I repeat: Gen. Miranda traveled to Ipiates early today. I think he is already there. He will conduct the initial investigations; he will take charge of the situation. We will reveal details as they are available. More than 100 criminals were more than likely involved. These three fronts operate in Putumayo and Narino.

[Arizmendi] Gen. Galan, have there been any clashes following this ambush of six vehicles that left 30 Colombians dead?

[Galan] No, I have no information about that. The authorities last night ordered operations involving troops of the Boyaca Battalion, headquartered in Pasto, and units of the Specific Commando Unit of Putumayo, headquartered in Santa Ana. Efforts are also being coordinated with the 9th Brigade in the area to carry out the corresponding operations.

[Sarmiento] Gen. Galan, what type of vehicles were dynamited?

[Galan] They are special vehicles of the Cavalry Group; they are (Avir) vehicles, used to transport military personnel.

[Guillen] General, do you have enough professional and logistical personnel in the area? Or did this attack truly catch you by surprise due to a personnel shortage?

[Galan] No. They had the resources that a brigade or division command should have. These regrettable situations occur. The Army and the division will conduct investigations to determine what truly happened, whether there was negligence, poor planning, and so on.

[Arizmendi] What will be done until the results of this investigation are available?

[Galan] We already deployed units of the Boyaca Battalion, headquartered in Pasto, and troops of the Specific Commando Unit of Putumayo. Counter guerrilla units are ready at the division to be transported once

the brigade commander who left for Ipiales early today assumes direct command of the operations — that is, rescue, evacuation, and military operations — that will be carried out in the area.

[Arizmendi] Gen. Galan, is there a heavy guerrilla presence in (Putiales), Samaniego, Upiales, Puerres, and La Victoria?

[Galan] We do not have specific information about this. The Comuneros del Sur of the ELN [Army of National Liberation] operate in that area, as does FARC group 29. The brigade command reports that there is no information about a massive presence of subversives in this area. It is very probable that groups 32 and 48 came from Putumayo. The dense jungle allows them to move about freely. They could have gathered to either attack the El Paramo Base or the (Alisal) Base, because these bases are very close to each other and their mission is to protect Ecopetrol facilities. These bases are very vulnerable to this type of action.

[Arizmendi] Is the infrastructure at El Paramo Base in good condition? Would it be able to repel any subversive attack?

[Guillen] Yes. The attack did not take place on base. The ambush took place about 4 or 6 kilometers from the base, when the convoy was returning to Ipiales.

[Arizmendi] Is it probable that a good number of these subversive groups will enter and hide in Ecuador, as was reported moments ago by Mrs. Clemencia Ruano Montenegro, the secretary of the government in Ipiales?

[Guillen] I do not think so. I think that the area they are most familiar with is Putumayo; the area of the [word indistinct] Basin. It is very probable they will go there and this is why we are focusing our operations there.

Colombia: President Says Guerrilla Ambush 'Barbaric' Act

PA1604194896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 16 Apr 96

[Report by Gilbert Vega, at Narino Palace; from the "Midday" newscast]

[FBIS Translated Text] President Ernesto Samper has issued a very strong statement following this morning's guerrilla attack, which left 31 soldiers dead and 18 others injured in Narino Department. The head of state said that there is no way that this can be considered an act of war; quite the contrary, it is a barbaric, cowardly, and terrorist act. We will do all that it takes, President Ernesto Samper Pizano said in no uncertain terms:

[Begin Samper recording] There is no way that anyone can consider this an act of war. It was simply a

deranged, barbaric, cowardly, and terrorist act. My government has and will continue on the warpath against subversion. We will not allow an escalation of this sort to dash the hopes of Colombians, who want to live in peace and progress and free of violence. I urged the defense minister today to draft a number of measures, in keeping with the powers granted under the state of internal disturbance, that will allow us to respond in a clear and overwhelming fashion to the defiant subversives. We will go as far as necessary within the framework of the Constitution. In memory of all those victims who fell while defending the fatherland's interests, we will continue to move forward. I urge all Colombians to support the Colombian Armed Forces during these difficult times, to maintain their trust in the legitimately established authorities, and to reject tragedies such as the one that took place this morning. We will maintain the state of internal disturbance, carry out a large-scale military operation in the area, find the culprits, and hold a trial to determine who is responsible once the investigations ordered by the defense minister have concluded. I express to the families of all the victims, as I did early today, my solidarity and encouragement. Rest assured that all honest Colombians mourn with you today. [end recording]

President Samper made this statement at a ceremony to swear in Abel Enrique Jimenez Neira as the new civil aeronautics director.

Colombia: President, Defense Minister Issue Communiques

PA1604184896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 16 Apr 96

[From the "Midday" newscast]

[FBIS Translated Text] The government has expressed outrage at the murder of 31 soldiers in southern Colombia and has announced, through President Ernesto Samper Pizano, measures that should help the authorities in the fight against rebel groups. Narino House has issued a communique on the president's strong condemnation of the criminal attack. The communique confirms that the president has asked the military high command for details on this painful event, which left one non-commissioned officer and 30 soldiers dead in a remote area of Puerres Municipality, Narino Department. Members of the military high command, which includes the commanders of the military branches and the Army and the inspector general, have traveled to Ipiales on the president's personal request to learn details of the attacks, rescue operations, and counter guerrilla operations. William Coran, one of the soldiers wounded during the criminal attack, told Caracol at Ipiales Regional

Hospital: We were attacked with Galil rifles. The attack has been universally condemned. The church, whose hierarchy is meeting in Medellin to celebrate Cardinal Alfonso Lopez Trujillo's 25th anniversary as a priest, lamented this sad event.

Our correspondent reports from the National Defense Ministry:

[Correspondent] The high government and military forces are calling on the military reserves to prepare the Army, Air Force, Navy, and national police force to respond to the upsurge in violence nationwide, which has left 31 Colombian soldiers dead and 18 others wounded in Narino Department.

Colombian Defense Minister Juan Carlos Esguerra Portocarreros just issued a communique announcing that the government is preparing, through the Defense Ministry and within the framework of the state of internal disturbance and the Public Order Law, a series of measures to confront and defeat the increase in terrorist activities by subversive groups. The communique also reports that a first degree quartering of troops throughout the country has been ordered.

Caracol just learned the names of some of the soldiers that the Revolutionary Armed Forces of Colombia [FARC] wounded in Narino Department: Captain Ricardo Vasquez Rojas; Sergeants Hernando Alvarez Linares and Jaime Cabrera Collazos; and soldiers Euclides Jorge Putacuar, Milton Ernesto Munoz Andazuagui, Wilito Cabezas Valencia, Eustorio Anibal Chital, Jose Jacobo Cortez Castillo, Orlando Villamil Munoz, Oscar Andres Guzman Chamorro, and Luis Moreira Casanova. These people were wounded. They are receiving medical attention at Narino Hospital.

The authorities have yet to release the names of the 31 people who died in this FARC attack.

Colombia: Government Minister 'Angry' Over Ambush

PA1604181996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 16 Apr 96

[Report by Fabio Callejas Ramirez; from the "Midday" newscast newscast]

[FBIS Translated Text] The government expressed its regret at 1200 today over the bloody guerrilla attack that left 31 soldiers dead and 15 others injured in Narino Department. Government Minister Horacio Serpa said following a meeting of the Liberal Party's National Directorate that the attack angers him and that the authorities will continue to fight the subversives:

[Begin recording] [Serpa] This news makes me angry. This incident is most regrettable and one that all Colombians flatly condemn. The authorities must make a more determined effort to fight and stop all of these criminals.

[Correspondent] Is the country's critical situation responsible for this [words indistinct]?

[Serpa] No. This was a guerrilla attack on public forces. It was an unfortunate attack that had disastrous consequences that we deeply lament. The authorities continue to fight crime and are firmly committed to defending Colombian institutions and enforcing Colombian laws. [end recording]

Serpa also said that the executive is planning to take action in key areas of the country plagued with violence.

Colombia: General Declines Comment on Ambush

PA1604191996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 16 Apr 96

[Report by Carlos Gomez Herrera; from the "Midday" newscast]

[FBIS Translated Excerpt] A total of 30 kids barely out of their teenage years are the victims of an horrendous criminal attack that the guerrillas carried out in southern Colombia. The kids were between 18 and 22 years old. The Army command has the official list of victims and details of the measures that the Armed Forces are taking. [passage omitted including names of dead and injured]

General Manuel Jose Bonnet Locarno, Armed Forces inspector general, said before departing for the area where the FARC [Revolutionary Armed Forces of Colombia] staged the ambush:

[Begin recording] [Bonnet] We will investigate to determine what happened and what mistakes, if any, were made and why. Nevertheless, it is no good jumping to conclusions or being quick to judge in situations like this. This can only lead to crossed signals.

[Correspondent] How long did it take for news of the massacre to reach the military command?

[Bonnet] We will look into this question on site. All of your questions are quite justified and deserve answers. However, we cannot hurry to give you answers until we have conducted a thorough investigation at the area of operations.

[Correspondent] Why do you suppose the guerrillas always attack soldiers from behind? Are these attacks being carried out from a position of strength or weakness?

[Bonnet] The fact that they must resort to clandestine actions and murder proves that they are weak. As

one newscaster said last night, the problem is that the soldiers are always advancing while the guerrillas are always regressing. They carried out this massacre the second they got the chance. This does not show great courage or that the guerrillas are winners. After all, they have been doing the same thing for 50 years and still have yet to emerge from the jungle. This gives us food for thought. [end recording]

This is what Inspector General Bonnet Locarno said before leaving for Narino Department with the military high command, headed by Admiral Holdan Delgado Villamil. The military high command has already made several contacts with the country's reserves in view of the situation in the country. All reservists will probably be called upon to help the public forces in the fight against the guerrillas during this difficult time.

Colombia: FARC Ambush of Army Troops Reported

PA1704045296 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 16 Apr 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT 17 April; interviewees and reporters identified by captions]

[FBIS Translated Text] [Reporter Yolanda Ruiz] A brutal guerrilla forces attack in Narino Department has left 30 soldiers and a non-commissioned officer dead in an ambush near the Puerres zone. Another 18 soldiers are wounded. It was reported that the attackers were at least 150 FARC [Revolutionary Armed Forces of Colombia] members.

[Begin recording] [Unidentified reporter] The Army Cavalry group was ambushed by 250 members [as heard] of the 29th, 32th, and 38th FARC Fronts near Arizales desert, 25 km from Puerres Municipality, in southeastern Narino. The soldiers that normally guarded stations No. 3 and 4 of Ecopetrol [Colombian Petroleum Enterprise] in the area were travelling toward Ipiates in six vehicles at 1700 hours when they were ambushed. The guerrilla groups knew about the passing of the army group and dynamited the road. Then they finished the soldiers off with mortars, grenades, and Galil rifles.

According to initial reports, the soldiers did not have time to respond to the attack. The majority of the victims were about to end their military service. They were from 19 to 23 years old. The ambush resulted in 30 soldiers and one non-commissioned officer dead. In addition, one officer, one sergeant, and 15 soldiers were wounded. [end recording]

[Reporter Maria Beatriz Echandia] Fourteen of the wounded soldiers in the ambush are at the Ipiates Hospital and they are reportedly out of danger.

[Begin recording] [Reporter Alberto Medina Lopez] The Ipiates Regional Hospital, Narino, is today a war hospital. Twelve soldiers that are less than 23-years old, two sergeants, who arrived at Ipiates Hospital with injuries caused by mortars, grenades, and Galil rifles are miraculously alive.

[Soldier William Coral] We were taken by surprise [words indistinct] were very few, about 40 soldiers.

[Lopez] The medical report is optimistic. At this moment the 40 soldiers are out of danger.

[Regional Hospital Director Miguel A. Bermudez] They are currently out of danger. They are stable. They have been given good and opportune treatment.

[Lopez] The soldiers that escaped the ambush are Willington Cabezas, Jose Nieve Preciado, Oscar Guzman, Luis Casanova, William Coral, Libardo Garcia, Anibal Chitanteput, Jose Euclides Putucuar, Jose Cortez Castillo, Antonio Benavides, and Sergeants Jaime Caceras and Hernado Alban Linares. [end recording]

[Ruiz] The most significant reaction by the military high-command to the ambush in Ipiates is the possibility of calling up the Army reserves. This would be the first time in many years that such a step has been taken. We spoke with the high-ranking military commanders before they went to the area.

[Begin recording] [Army Commander General Harold Bedoya Pizarro] This is a very delicate, and painful matter for the National Army. We are going to investigate the incident in situ and take the steps we deem necessary.

[Reporter Gloria Tisnes] The high command traveled this morning to the ambush site. They all agreed on the need to reconstruct the facts to determine if the Army was in any way responsible.

[Admiral Holdan Delgado] That is what we have to investigate and establish. What [word indistinct] happened. We have to conduct an investigation to see what failed.

[Tisnes] Although it will not be known if any irregularities took place until after the investigation, today members of the Army are asking themselves why the soldiers that were ambushed last night were travelling in six automobiles which were not keeping the distance recommended for high-risk areas. On their return, the generals will have to submit a report to President Ernesto Samper regarding the incident during a emergency security

council meeting to be held this afternoon. [end recording]

[Tisnes] General, why hasn't the Army been able to get rid of the guerrilla forces in 50 years?

[General Manuel Jose Bonnet, inspector general of the Military Forces] That is a very good question you might ask the government, not only the Army.

Colombia: Liberal Directorate Communique on Attack

PA1704034096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 16 Apr 96

[From the "Latest News" newscast]

[FBIS Translated Text] The National Liberal Directorate has just issued a communique on the guerrilla attack. The most important points of the communique state: The current government, just as previous governments, has wanted to find a solution through a dialogue that can put an end to this absurd, historic confrontation among brothers [13-second break in reception] without distinction for political, economic, or social classes.

Another point of the National Liberal Directorate's communique states: We ask all citizens of goodwill to show their solidarity with the government, particularly with our public order forces, and to understand that we will be unable to defeat the country's most dangerous enemies without the people's cooperation.

Colombia: 30 Soldiers Said Killed in Guerrilla Attack

PA1704033996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 16 Apr 96

[Report by Sergio Castillo; from the "Latest News" newscast]

[FBIS Translated Text] [Unidentified reporter] Not 31 but, rather, 30 soldiers were killed in the guerrilla attack in Narino Department. The Army Command in Santa Fe de Bogota has given the following information to Sergio Castillo.

[Castillo] The Army has just announced that soldier (Atis Hernandez Rosalino), who had initially been reported as killed, is at the Ipiates Hospital and is being treated for injuries.

The information being given at this time is that an officer and 29 soldiers were killed in the guerrilla ambush in Puerres Municipality, Narino Department. Likewise, the 5th Army Command has announced that the operation to rescue some of the bodies has become difficult because of the region's rough terrain.

Meanwhile, the high-ranking military officers who traveled to the area this morning, such as Commander of the Military Forces Admiral Holdan Ovidio Delgado Villamil and Army Commander Harold Bedoya Pizarro, will return to Santa Fe de Bogota tomorrow to submit a complete report to President Ernesto Samper Pizano. They will set up operations with the objective of capturing the rebels who have attacked the military patrol.

[Reporter] We must add, Sergio, that the confusion is due to the circumstances surrounding the attack. The fire that broke out at the pipeline burned some of the bodies, creating problems for those trying to identify the victims.

[Castillo] As the Army also has stated in this communique, it has been difficult to rescue some of the bodies because of the rough terrain and the location. The bodies are being taken to the Ipiates Hospital.

Colombia: 1 Killed, 7 Injured in Attack on Police Garrison

PA1704043496 Madrid EFE in Spanish
0303 GMT 17 Apr 96

[FBIS Translated Text] Medellin (Colombia), 16 Apr (EFE) — A woman died and seven people, including four policemen, were injured tonight in an attack against a police garrison in a small town near Medellin, northwest of Colombia, it has been officially reported.

A police source has stated that the attackers, apparently guerrillas, hurled grenades and fired on the garrison of San Cristobal Corregimiento, later fleeing the scene. The Authorities are intensely seeking them.

The dead woman and the three injured civilians were caught in the crossfire during the attack.

After this action, at the highest priority the Medellin Police Command ordered troops confined to barracks.

This new act of violence took place only a few hours after 31 soldiers were killed in a guerrilla ambush along a road in the southwestern corner of the country, in Narino Department.

On Monday evening, the Police Center for Higher Studies, seat of the former School of Armed Policemen, in Santa Fe de Bogota, also endured an attack with "rockets," without any casualties or fatalities being reported, although some damage was reported.

Colombia: Kidnapping of Gaviria's Brother Said Confirmed

PA1604143496 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 15 Apr 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 16 April]

[FBIS Translated Text] The "National Newscast" has received first confirmation that Juan Carlos Gaviria is alive, following his kidnapping on 2 April: It is a picture of two armed and hooded men guarding former President Cesar Gaviria's brother. Gaviria is holding last week's issue of SEMANA and a pamphlet issued by the so-called Dignity for Colombia Movement [Movimiento Dignidad por Colombia]. The photograph arrived with a letter addressed to former President Gaviria, making strange demands in return for the kidnapped man's release. For example, the group demands that OAS Secretary General Cesar Gaviria, President Ernesto Samper, and Vice President Humberto de La Calle resign. The group concludes with the startling call for Maria Eugenia Rojas to finish out the current presidential term. The group also asks that no one currently serving in the government be allowed to hold public office in the future. The "National Newscast" wants to point out that the authenticity of this document has yet to be determined. However, the picture of Juan Carlos Gaviria in captivity was taken with a Polaroid and is apparently authentic. [video shows bearded man seated in chair holding two booklets, flanked by two hooded men standing and bearing rifles; all wear dark jackets; background is dark and indiscernible]

Colombia: FM Admits Drug Money Infiltrated Campaign

PA1704034496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 16 Apr 96

[From the "Latest News" newscast]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo Garcia Pena admitted today that drug trafficking money infiltrated President Ernesto Samper's election campaign. Pardo made that statement after giving a 27-hour deposition on his participation in Case 8,000 before a special prosecutor at the Supreme Court of Justice:

[Begin Pardo recording] I believe it is obvious that there were irregularities. I myself have condemned and rejected them. I believe Colombian justice is trying to determine the nature and scope of those irregularities, particularly those who are responsible for them.

Evidence is more conclusive each day. In my opinion, the efforts to clarify what happened during the campaign

are aimed at determining the responsibilities, magnitude, and manner in which the irregular operations were carried out rather than answering the simple question of whether those irregularities existed. [end recording]

Colombia: Pardo Interviewed on Possible Resignation

PA1704050396 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 16 Apr 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT 17 April]

[FBIS Translated Text] Good afternoon, Yolanda Ruiz. We are here with Foreign Relations Minister Rodrigo Pardo who has just finished being questioned. Pardo is the first of the three ministers to finish his questioning. Mr. Minister, what is ahead for you, will you return to the Foreign Ministry?

[Pardo] Yes, as I have already announced, because today I finished being questioned I am going to return to the ministry tomorrow.

[Ramos] Are you planning to resign, or do you think there is no reason to resign?

[Pardo] I believe there could be reasons to resign but that depends on the decisions of the Prosecutor General's Office regarding my personal status in the next days or weeks. That is why, as I said from the beginning, as soon as I know the final decision regarding my legal situation I will take a definite decision regarding my stay in the ministry.

[Ramos] Lastly, Mr. Minister, on the first occasion you said you have taken half the load from your shoulders. Have you taken all the load off your shoulders?

[Pardo] To tell you the truth, I do feel as if I have taken a great weight off my back by having finished this process, being able to return to the ministry without having this legal process pending. In addition, I believe that I have been able to fully express myself regarding my behavior during the election campaign and in the government. From that point of view I feel very pleased that I have removed this load from my shoulders by telling my version. Of course the complete load will only be removed when there is a decision by the Prosecutor General's Office which I hope will be in my favor.

[Ramos] Yolanda and Maria Beatriz Echandia, the questioning of the first of three ministers is now over, and the foreign relations minister will return to the Foreign Ministry in a few minutes.

Colombia: Samper Denies Party-Government Confrontation

PA1404032896 Santa Fe de Bogota EL TIEMPO
in Spanish 13 Apr 96

[Received via Internet]

[FBIS Translated Text] President Ernesto Samper yesterday said there is no confrontation between the government and his party, but a series of episodes shows that there is a great deal of anxiety within the party.

President Ernesto Samper said yesterday it is not true there is a confrontation between the board of directors of his party and the government.

He made those statements in view of the anxiety existing within the National Liberal Directorate (DLN) over the manner in which the head of state has proposed alternatives to resolve the political crisis. One of these alternatives, which has prompted unanimous rejection from the party, was the formula to hold early elections.

Nevertheless, Samper downplayed the importance of the criticism and said that "holding early elections is not a formula of the president. What I did was to propose some alternatives, and the DLN, as any other political group, has every right to express the inconveniences or state its own assessment of these formulas."

Red-Hot Division

The strong rift existing within the Liberal Party, which threatens to break out at any moment, is no longer a mystery.

A series of episodes that occurred in recent days seems to confirm this rift.

Shortly before Holy Week, at a meeting of the Central Political Commission, a body that provides advice to the party, several parliamentarians strongly criticized the DLN. These attacks did not snowball thanks to the intervention of Congress members Ines Gomez, Salomon Nader, and Ramon Elejalde, who is the group's coordinator.

On 10 April, things became complicated again when, at a cocktail party to establish the commission, Representative Maria Isabel Mejia (Liberal-Risaralda Department) proposed the appointment of a super-committee that would coordinate the work for studying the package of political reforms the president is endorsing.

That committee would be formed, among others, by former Ministers Hernando Duran Dussan, Maria Elena de Crovo, and Alfonso Palacios Rudas.

Some of the participants interpreted this proposal as a rebellion against the DLN in light of the lack of

leadership this body has shown to face the current moment.

Some witnesses at the meeting even said Representative Emma Pelaez (Liberal-Quindio Department) went as far as to propose a "coup d'etat" against the party leadership.

"There is no DLN here. What we must do is stage a coup and take over the DLN," the parliamentarian reportedly said, but she preferred to withdraw the proposal in the end.

In view of the seriousness of these events, Elejalde then threatened to resign. "I am not going to preside over the split of the DLN," he told 18 of the 35 members of the Political Commission who attended the meeting.

Interior Minister Horacio Serpa, who said something like that "could not be encouraged," was consulted.

Several members of the DLN were also called. Some tried to suggest that everything was being forged from the very government, while others, like Chamber President Rodrigo Rivera, expressed their concern over the possible "disavowal" of the boards.

Representative Tarquino Pacheco (Liberal-Atlantico Department), who attended the cocktail party, recognized that there is uneasiness over the work of the DLN.

"The truth is that the makeup of the DLN, without ignoring the merits of each of its members, is far from representing an entire party; instead, it represents the personal interests of some people called natural leaders who were able to place their supporters there," he said.

He basically referred to the fact that the four currents of the Liberal Party had their own representative. Those currents are the pro-Samper current (with Carlos Holmes Trujillo, who resigned), the pro-Humberto de la Calle current (represented by Luis Guillermo Giraldo), the pro-Comptroller David Turbay Turbay current (represented by Emilio Lebolo, who assumed the post of DLN president), and the pro-Juan Manuel Santos current (represented by Luis Fernando Jaramillo Correa).

The legislator added that there is a head of state who governs without the full support of his party.

Meanwhile, Samper continues to say that he has the support of the DLN and announced that he will meet with new DLN president Emilio Lebolo next week.

Therefore, the DLN is expected to face difficult time in the coming days. For instance, it is known that in the Senate and chamber plenums to be held next week, there will be strong discussion on the issue, and the DLN will most likely be the target of harsh criticism.

Colombia: Poll Shows 70 Percent Think Recession Prevails

PA1304161296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 12 Apr 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Seventy percent of 1,400 people polled yesterday by Caracol believe that the economy has slowed down, that a recession prevails, and that the situation is very difficult in the economic and social sectors; and 30 percent say no, they do not see or perceive this. Why do the people believe an economic recession prevails? Forty percent of those who said an economic recession does prevail believe it is due to the government's radical combat against drug trafficking, which moved a sizable portion of the economy. Twenty-eight percent say the high interest rates are the reason; 20 percent believe it is definitely due to drugs; and 12 percent believe it is due to staple prices. Fifty-five percent of those who consider there is no recession, meaning 30 percent of the people polled, believe the recession is in the minds of pessimists; 28 percent said it does exist, but only in some sectors; and the rest believe it is an invention of the businessmen, who always complain.

Colombia: President, Bank at Odds Over Interest Rates

PA1404014596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Apr 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmission Television at 0000 GMT 12 April — passages with quotation marks are recorded]

[FBIS Translated Text] The confrontation between President Ernesto Samper and the Bank of the Republic has gotten worse. They are at odds over two issues; that is, interest rates and the government's intention to cut the bank's authority:

[Samper] "I have said that interests rates have to come down."

[Reporter Diego Suarez] Despite that threat, the board of the Bank of the Republic has openly defied the president and has announced it will not lift a finger to pressure for a decline in interest rates on loans:

[Bank of the Republic Codirector Roberto Junguito] "During a time of political crisis, one of the things one wants to have, unfortunately, is relatively high interest rates so as not to stimulate a change in portfolios and to generate lack of confidence in the country."

[Suarez] The Bank of the Republic is also opposed to President Samper's wish to trim its authority. According to Samper and Finance Minister Guillermo Perry, the handling of inflation must be transferred over to the government:

[Junguito] "We realize it is more important to have an independent central bank when situations such as the political crisis through which we have gone have arisen."

[Suarez] While this new round in the bout between the government and the board of the Bank of the Republic ends, interest rates remain sky-high, and banks continue to do their business. [end recording]

Colombia: Botero Explains Banking Transactions

96SM0221A Santa Fe de Bogota SEMANA in Spanish 2 Apr 96 pp 24-31

[Interview with former Defense Minister Fernando Botero]

[FBIS Translated Text] [SEMANA] The President's lawyer is accusing you of having appropriated millions of dollars.

[Botero] I am quite aware that Dr. Nieto is well versed in financial matters. In the 22 meetings of the Board of Directors of the Banco de los Trabajadores [Workers Bank] that he attended, cordially and amicably together with Gilberto Rodriguez Orejuela, he refined his expertise. But what he states in this particular matter has no foundation whatever. The government and its defender are accusing me of many things, and I had decided to not defend myself against any of their accusations, so as to not get involved in what you yourselves have termed the "quarrel of fishwives." However, since President Samper and Dr. Nieto are leveling these serious accusations at me with respect to the New York accounts, I find it necessary to clarify this point in its entirety.

[SEMANA] According to Nieto Roa, \$5 million were moved through your accounts, of which you have justified only \$2 million. This leaves \$3 million still to be explained.

[Botero] The explanation is very simple. First, I have justified \$2 million received by the campaign. Secondly, since personal accounts were involved, mine and those of my family, they included the receipt of proceeds in the amount of \$1.4 from the sale of some real estate owned by my mother. Thirdly, I sold works of art to some highly distinguished notables for the sum of \$1.5 million. And fourth, I have the same name as my father, which means that they are lumping my accounts

with his. Since second surnames do not exist in the United States, no distinction is made between Fernando Botero Angulo and Fernando Botero Zea, there being no relation, however, between his accounts and mine.

[SEMANA] But Nieto Roa asserts that in the accounts through which campaign money flowed, millions of dollars moved that have not been explained. Did the campaign use your father's accounts?

[Botero] Absolutely not. My father has nothing to do with this situation. Only in my accounts did campaign money move. But Nieto Roa, in absolute bad faith, and to inflate totals, is lumping all account movements together, including my father's.

[SEMANA] But according to the President's lawyer, both of your own accounts contain unexplained movements of considerable magnitude.

[Botero] I have never denied the fact that those accounts are mine and not the campaign's. At Samper's express request, I made the accounts available to receive campaign contributions, because of the problem of electoral campaign funding limits. With the exception of the Office of the Prosecutor General of the Nation, no one, neither Nieto Roa nor the Accusations Committee, can compel me to explain to them the movements of my personal accounts abroad. That is why I had not responded to the government's attacks.

[SEMANA] What exactly then are you going to clarify now?

[Botero] I have wanted to protect the confidentiality of my clients and associates to the utmost. They will excuse me if I find myself compelled to refer to them in order to defend myself from these insane attacks by President Samper. To bury this episode once and for all, I wish to cite various concrete transactions with names, dates, and details. Toward the end of 1993, I sold a very valuable plot of land owned by my mother in Bogota's El Refugio section. The buyers, Luis Fernando Echavarria Toro and Pedro Ruano Castro, are well-known persons of good character. These are photographs of the piece of land and the sales contract, which you may keep. As you can see, the transaction was consummated for 1 billion pesos. Most of those payments were made during the first half of 1994 and were entered into my accounts in New York, where with the dollar at 700 pesos they yielded \$1.4 million. During this same period, I made various transactions in art works with Juan Manuel Santos Calderon, Mauricio Rodriguez Munera, and other well-known persons. President Samper has insinuated that one entry in my accounts in March 1995 could have come from the drug dealers I was pursuing

with such dedication as minister of defense. The fact is that on that occasion I sold two of my father's paintings to Luis Carlos Sarmiento Angulo for \$650,000. I am hereby providing you with the photographs and supporting documents relative to all those negotiations. The fact is that these absolutely legal and verifiable transactions alone produced entries in my account totaling over \$2.2 million. And since my brothers and I are my father's commercial representatives in Colombia, every time a painting or a sculpture is sold it is done through us.

[SEMANA] Do you deem that explanation sufficient to bury the question of the dollar accounts?

[Botero] I have said at every opportunity that I am prepared to justify every last penny that has moved through my accounts. I have to wonder whether the government's purpose in continuing to press on this point is not to divert attention from the real problem of the campaign. I cannot avoid a sense of shock at seeing how all the executives of the campaign pretend now that I was the only one who knew of these accounts. To cite just one example, Rodrigo Pardo, who has expressed such surprise at the disclosure of the accounts, showed no surprise whatever at receiving in his very hands close to \$900,000 to pay for advertising costs contracted by himself. Here are the vouchers, one by one, that perhaps will help refresh the foreign minister's memory.

[SEMANA] But if that money did not come from the drug traffic, what is the importance of that revelation?

[Botero] Its major importance is precisely the fact that it is not drug money. Until very recently, many of the media were saying that the money that entered my accounts came from the Cali cartel or from Pallomari. Today, the U.S. authorities as well as the Office of the Prosecutor General clearly know that not a single penny of drug money ever entered those accounts. This is why my three accounts are valid. And this is why I have brought three checks for SEMANA, each for \$10, so that you yourselves can verify what I am asserting here.

[SEMANA] But we insist on the previous point: Why is the disclosure important?

[Botero] It is fundamental because it shows that I was not the only one who knew of the management of the accounts abroad. The entire summit knew of it, including the President. It also shows that Rodrigo Pardo indeed handled money, because \$900,000, here or in Capernaum, is a lot of money.

[SEMANA] And what did the President know?

[Botero] He had absolute knowledge. Samper was present when agreement was reached with Augusto

Lopez on how this part of the Group's funds would be disbursed. It was decided to use my New York accounts as the mechanism, for one reason alone: because of the problem of campaign funding limits. But there is an additional anecdote, an incidental but significant one. The President has said that he was not aware of the accounts. Curiously, in December 1993 he requested a transfer of funds from these accounts of which he claims to have been unaware to pay for a cruise around the Caribbean with his family. I have here for you a copy of the check made out to Ernesto Samper Pizano, which you can verify. Fortunately, the funds were not imaginary ones, the check did not bounce, and Samper was able to travel with his family.

[SEMANA] Do you not consider it mean-spirited to be stirring up the dustheap nonstop?

[Botero] President Samper and the entire country have said they wanted the truth, and that is what I am doing: revealing the truths about the campaign and the government. What appears to me to be mean-spirited is the persistent effort by the government to create an image of the campaign as having had but one head: Fernando Botero. Upon reading the statements by the President and his ministers, one is left with the impression that I, at my own initiative and risk, decided to contact the Rodriguez Orejuela brothers, behind the backs of Ernesto Samper and all the leaders of the campaign, in order to persuade them to give 6 billion pesos to the presidential campaign. And all of this in secret, and with Medina's complicity. That is to say, a conspiracy to elect Samper, behind his back, and to place the ministers in power against their will. And as if that were not enough, we are now being informed that I appropriated money that, according to the government's version, never entered the campaign. This is ridiculous.

[SEMANA] Much of the responsibility for that situation rests on you yourself, in view of what you said on the day of your confession in the interview with Yamid Amat. You painted yourself as a naive technocrat who had been victimized by a secret alliance between Ernesto Samper and the Rodriguez Orejuela brothers. That too, to say the least, lacked credibility. Many feel that you sloughed off your responsibility and decided to nail all of your colleagues.

[Botero] At no time have I sought to minimize my mistakes or to evade my responsibilities. I say with all clarity that I committed very serious mistakes, and I am paying for them in jail. What I am not prepared to accept is that I was the intellectual or material author of the operation to bring drug traffic money into the campaign. The prime responsibility for that lies with then candidate and now President Ernesto Samper. Nor

am I trying to compromise my colleagues. What I do consider fair is that each assume his rightful share of responsibility in the matter. What I declined to accept was that these same colleagues take advantage of my situation in jail to try to sink me so as to wash their hands of their actions in the campaign.

[SEMANA] Even so, there are many who feel that you did not take your fair share of the responsibility. It is not as if you had acknowledged that you and the President were equally culpable and the government would have fallen. What you confessed was your innocence and the President's culpability.

[Botero] I did not profess my innocence, unless you consider that acknowledging the evasion of the campaign funding limitations, the cover-up, electoral fraud, and the entry of hot money into the campaign are insignificant details. What is clear is that there is a sector of the society that will not be happy unless I say that I met with Miguel Rodriguez to pick up some canvas rucksacks bulging with cash. The fact is that this never happened. Never in my life have I exchanged a single word with the Rodriguez Orejuelas. As Maria Isabel Rueda has said, my only contact with the leaders of the Cali cartel was in the form of capturing them as the minister of defense. It is the epitome of irony that at every possible opportunity, on national television, the government now uses the results of my tenure as minister to defend itself.

[SEMANA] What degree of truth do you ascribe to Medina's confession?

[Botero] Around 95 percent.

[SEMANA] Well, it is Medina himself who states that it was you who ordered him to go to Cali and pick up that money. Is that affirmation part of the 95 percent that is true or of the 5 percent that is a lie?

[Botero] Indeed, it is with that 5 percent that I disagree. Fidel Castro has a good dictum: "One must never lie, but one is not always bound to tell the whole truth." It saddens me to acknowledge it, but until the day I decided to talk with the Office of the Prosecutor General, everything that was being said was designed to cover up the facts of the campaign and to sustain Samper and his ministers. We members of Samper's inner circle were all proceeding on that premise, because grave things had occurred as part of the campaign, for which we all bore responsibility. This was a reality that could not be evaded. But since the day I appeared before the Public Prosecutor, I have not told a single lie. Above all, I want to be categorical about this, even though I still have further truths to tell.

[SEMANA] Does this mean that you can still sink many persons, or that you still do not want to be more explicit as to your responsibility?

[Botero] It is a fact that the campaign was financed by the Cali cartel. That is no longer even questioned, although I saw Juan Manuel Turbay in the newscasts today saying, as he left after giving his unsworn statement, that not a single penny of drug money entered the campaign. The fact is that an operation as gigantic and extremely complex as this was, of oiling the liberal machine to the tune of 3.5 billion pesos in cash from the drug traffic, could not possibly have taken place in the absence of a decision by the topmost leader of the campaign.

[SEMANA] Who made the decision to bring this money into the campaign?

[Botero] A decision of that magnitude and these consequences, to say nothing of the risks, could be made by only one person in the campaign. And that person was Ernesto Samper, the topmost authority in his own presidential campaign and the person who had a tie with the Rodriguez Orejuelas dating back to the beginning of the 1980's.

[SEMANA] Let us go back to the recurrent question. When did you become aware of matters?

[Botero] I have told the Office of the Prosecutor General, with details, how this entire process developed and I do not want to violate the secrecy of the proceeding. I am not trying to minimize either the seriousness of the facts or my culpability. To my everlasting regret, I took part in a campaign in which everything occurred that should not have occurred. This said, I want to say that I had a significant role in this entire process. But my role was neither the only nor the most important one.

[SEMANA] Provide concrete details.

[Botero] How the narcocassettes got to the liberal campaign is already known. Pastrana turned them over to Gaviria, and Gaviria to Samper. On Friday 17 June, two days before the second round, I received an urgent call from Samper. By telephone, he told me that something very serious had happened, and that Serpa was on his way to the Ministry to explain it to me. Half an hour later Serpa and I met in a reserved room at the Bankers Club to hear the famous cassettes played back on a small recorder. When the voices of the Rodriguez Orejuelas and Alberto Giraldo were heard saying that they would be sending us 5 billion pesos, Serpa came apart. I remember it as though it were yesterday. Serpa almost fell over backward when he heard the tape. There

was a lengthy silence and neither of us knew what to say.

[SEMANA] But you both knew what it was about. What surprised you was not the discovery of the financing, but that it had been put on tape.

[Botero] Yes, the truth is that we knew of the financing. But obviously, hearing the Rodriguezes' conversation in such graphic terms completely dispelled any possible doubt as to what had happened in the campaign. I repeat, completely.

[SEMANA] And Rodrigo Pardo?

[Botero] The first thing I did after taking my leave of Serpa was to look for Pardo. I very well remember that we enclosed ourselves in the meeting room of the Ministry, and I asked the secretaries not to interrupt us. I told him about the cassettes, down to the last detail. Pardo asked me for my opinion in the matter. I told him that there could not be the least doubt that what was on the tapes was real, meaning that a sum of drug traffic money in the millions had entered the campaign. He immediately asked me to what extent Samper was involved in all of this, and I replied: "To the utmost." The discussion very quickly took a turn. It was no longer a question of whether these were real facts, because we started from the premise that they were indeed real. But at that point, the problem was not what had happened, but rather what could happen from then on. From that instant, Pardo and I awaited the explosion in the media, at any moment, of an atomic bomb, and we had to prepare a reaction to it. I asked Rodrigo to draw up a press release acknowledging that the campaign had received an offer of money but had decided to decline it. Half an hour later, Samper, who was on a tour of the Coast, called, very nervously, to have us read the release to him. After that, we sat down to await the explosion of the news.

[SEMANA] And what happened?

[Botero] To our immense surprise, none of the newscasts that day carried the recordings. Election time was 36 hours away and we knew that Pastrana had the narcocassettes. Neither Pardo, nor Juan Fernando Cristo, nor Juan Manuel Turbay, all of whom were fully aware of the situation by the end of that day, nor I, could understand Pastrana's strategy of keeping them up his sleeve.

[SEMANA] And why do you think he did not release them?

[Botero] That night, Friday the 17th, before the dinner at the Medina residence, we reached the conclusion with these persons that Pastrana's campaign had decided to release the bomb the next day on the TV HOY newscast.

In other words, that they preferred to divulge the news themselves in a spectacular way. And the strategy was smart, because that Saturday the Colombia Selecccion soccer team would be playing the first game of the World Cup and the whole country would be glued to the television set at the instant of the release.

[SEMANA] But it was not aired by TV HOY.

[Botero] That was unexplainable. The campaign's entire staff was invited to the attic of Santiago Medina's home to see the game. And when we arrived, Medina was very upset because Miguel Rodriguez had called him minutes before to tell him that they had been recorded in the midst of the money operation. We all tried to reassure him, but it was not easy. When time for the newscast arrived, Samper, Medina, Pardo, and I descended discreetly to Medina's quarters to watch it unbeknownst to the other guests. We were again astonished when the newscast ended without mentioning the tapes. The only explanation we could imagine was that Pastrana felt so sure of winning that—remembering how Alvaro Gomez's TV program against Barco in the final days of the 1986 campaign had boomeranged—he did not want to put his victory at risk by disclosing the tapes.

[SEMANA] But what you are actually saying with all of this is that Rodrigo Pardo was not aware of the matter until 17 June. That is, he did not learn of it until the day of the cassettes.

[Botero] I had several conversations with Rodrigo Pardo dating back to 6 June 1994 on what was happening in the campaign. But the fact is that upon hearing those narcocassettes any remaining doubt became total and absolute knowledge. There can be no doubt that as of 17 June Rodrigo Pardo and all the others of us campaign executives knew for a scientific certainty that Samper had been elected with Cali cartel money. What staggers belief is that now they all pretend not to have known about the money until I disclosed it to the Office of the Prosecutor General.

[SEMANA] You seem obsessed with involving everybody so as to not fall alone. In other words, if Samson falls all the Philistines must fall with him.

[Botero] It saddens me to see what is happening to my former colleagues. But many people forget that I have been in jail for almost eight months now and that my family and my four small children have suffered terribly as a result of this tragedy. But neither is it fair that I should assume the entire blame for what happened in the campaign, I am assuming my share of it. And it would be a plus for the country were President Samper

and the ministers and deputy ministers to assume their rightful shares.

[SEMANA] Everyone agrees that Samper has defended himself like a lion. Do you also acknowledge this?

[Botero] If the lion acted in this manner, it would never be considered the king of the forest. In my opinion, there is nothing admirable in a person's running the entire country into the ground in order to defend his own personal interests. Rather than the tenacity and stalwartness that the President glories in, what I see is cynicism and cowardice. The impression I have is that he is conning himself into believing the things he says. I noted that trait once when I was defense minister.

[SEMANA] In what way?

[Botero] Samper was terrified of Medina because of all the things Medina knew. And of course he avoided him to the extent possible. Samper interposed us—Serpa, Pardo, Turbay, and me—to soft-soap Medina, although I was, so to speak, the head soaper. All of us having to exercise that function saw as the solution a keeping of the promise Samper had made to Medina of an important embassy in Europe. The problem was that Rodrigo Pardo greatly feared the scandal that would erupt with the appointment of Medina. Pardo dreaded, for example, the possibility of his being called before Congress to explain the appointment that he as foreign minister would necessarily have to sign. Pardo therefore came up with the idea of appointing Medina ambassador to the FAO with headquarters in Rome, a less-resonant and lower-profile appointment.

[SEMANA] What happened?

[Botero] This story even has its humorous side. I met with Medina and Turbay in the General Secretariat of the Presidency to try to convince him that the FAO was the best post for him. And Medina asked us what the FAO was. I told him that it handled matters of great importance for the country in relation to agricultural issues. Medina's jaw dropped and, greatly annoyed, he asked us how we could possibly think of appointing him to that post. "I am a decorator," he said, "and that's a job for farmers." The cogency of that argument stopped us. We could no longer press him to accept.

[SEMANA] What was Samper's view of an ambassadorship for Medina?

[Botero] Samper was between the horns of a dilemma. Twice he was on the verge of appointing Medina, because, as I have said, he feared him. But at the same time, he had an equally great fear of the scandal that would result if he appointed him. It was a problem that

deeply anguished Samper and completely upset his self-control.

[SEMANA] In all of these meetings that you describe in your unsworn statement, that according to you were cover-up meetings: What was the view held by those present? Was it that you had brought the money in? That Samper had done it? There had to be shared information of some kind requiring discussion on how to cover it up.

[Botero] We dealt with the famous issue, or rather, the issue with a capital I, as though in a family reunion around a brother who is an alcoholic. Everyone knows the issue but all avoid referring to it. And the reason is very simple: All the roads lead to Rome. That is, all questions involved the President.

[SEMANA] Your statements convey the impression that during the first year, you all did nothing but meet to cover up.

[Botero] With the appearance of the narcocassettes and from that moment on, the President's obsession was with averting that scandal. His inner circle shared that preoccupation. The cover-up became more than just a few meetings. It became a way of life. What underwent changes with time were the participants. In the beginning we were all together in the cover-up. Next it was everybody against Medina after his indictment. And the cover-up continued. Now it is everybody against me, but they continue to cover up. That is the truth of the matter.

[SEMANA] The President, in his deposition, cited Pedro Gomez Barrero and Vice President Humberto de la Calle as witnesses that in the business meetings of the campaign there was never any talk of violating the funding limits.

[Botero] What President Samper did not say is that those meetings were frequently divided in two. There were false meetings and real meetings. When sensitive issues were to be discussed, we members of Samper's "Sanhedrin" arrived a half-hour early. When Pedro Gomez and Humberto de la Calle arrived, the discussion was limited to official matters.

[SEMANA] And what were the sensitive matters? The funding limits?

[Botero] Of course they were, among other things. But here, I very much want to clarify one point. Everyone takes refuge now in denying that meetings took place in which we decided to exceed the 4 billion peso limit. The truth is that no one ever thought of complying with those limits. And at that time, this was considered to be a matter of no consequence, to the point that the campaign's first budget, now in possession of the Office

of the Prosecutor General, already exceeded the limit. This is why it stretches believability that now neither Samper, nor Serpa, nor Pardo, nor Turbay, nor Cristo were aware of this problem. This is why no one believes them today when they say that they did not know.

[SEMANA] Let us talk about other things. How has your father taken all of this?

[Botero] He has taken it in stride. This has been a very painful process for the entire family, and even more so for him because the fact that my name is the same as his has led to misunderstandings at the international level.

[SEMANA] And how is your relationship today?

[Botero] Very good. One day, after a period of distancing, he decided to come see me. He spent just that one day in Colombia. He entered the Cavalry School here and the two of us sat enclosed here alone. He said to me: "I am not going to leave here until you have told me the whole truth." I told him everything, and he said to me, "I believe you must tell every bit of this to the entire country."

[SEMANA] What do you estimate the cost of Ernesto Samper's campaign to have been?

[Botero] Around 20 billion pesos. The Office of the Prosecutor General has accounts totaling 15 billion. But they do not include the payment of direct billings by companies, which is one of the biggest items in a campaign.

[SEMANA] How much do you think Pastrana's campaign cost?

[Botero] I believe about 60 percent of the cost of ours. After all, they had neither Santo Domingo nor the Rodriguezes. But they managed their problems of limits better than we did and succeeded in inventing some very original formulas for justifying violations of the limits.

[SEMANA] To conclude: How do you feel now? Antonio Caballero characterizes you as a rehabilitated prisoner, and Roberto Posada calls you a traitor and says that you have shown your true colors. They have really clobbered you.

[Botero] One gradually gets used to everything. I always think of the saying that "after the rain comes the clearing." But it must be recognized that as columnists, Antonio Caballero and Roberto Posada are vastly different. I must confess that what has most irked me since I have been in jail has been Roberto Posada's lack of manliness.

[SEMANA] Why?

[Botero] D'Artagnan [Posada] has confused loyalty with complicity, much in the same way that he made his transition from "Samperism" to "saperism" [flattery]. This is comprehensible only to one who is the President's official columnist with a government contract for 117 million pesos a month to do television eulogizing of the President himself. As a matter of pure decency, that cannot be done. Ironically, I recall that until recently Roberto Posada would come visit me when everyone was sweet-talking to me so that I would not talk. But interestingly, the only thing he asked of me was, that in the event anything happened I not mention his brother Juan Carlos, who was as enmeshed in this tangle as we all were. At that point, he cared nothing about Turbay, Pardo, Serpa, or for that matter Samper himself. The only thing that worried him was the possible fate of his brother.

[SEMANA] You seem to be venting your resentments.

[Botero] I am venting my resentments. But in fact I have been deeply hurt. The most convenient out for everyone initially was to say that Medina was the mole the Cali cartel had infiltrated to ruin Ernesto Samper's reputation. Next, I was the Judas who had betrayed the Lord for 40 pieces of gold. But the real and only truth is that we all carry a share of the sin on our shoulders. I do not intend to bear that cross alone.

Paraguay

Paraguay: Finance Minister To Seek More Revenue

PY1704023196 Asuncion NOTICIAS in Spanish

13 Apr 96 p 3

[FBIS Translated Text] New Finance Minister Raul Cubas Grau was installed yesterday. He said that one of his top priorities will be to try to implement the budget, which is overburdened. The secretary of state took over yesterday afternoon. Immediately afterward, he had a meeting with former Finance Minister Orlando Bareiro and his vice ministers in order to acquaint himself with his current position.

Cubas Grau said he will seek implementation of a balanced budget in order to reach the end of the year without a deficit.

This means we have to work the budget from both ends, that is, improve collection and reduce spending.

He said he will discuss with his assistants, who will not be replaced, what measures can be implemented to widen the number of tax payers in order to collect what is appropriate for the current economic situation of the country. Cubas Grau also announced that he will order a study to pinpoint unnecessary spending in order to

make the cuts needed to end the year with a balanced budget.

Taxes Will Not Be Increased

The new finance minister ruled out the possibility of increasing taxes to improve the fiscal situation or to speed up social programs. Cubas Grau said the finance minister cannot be singled out for the drop in tax collections; all citizens must fulfill their fiscal obligations.

"We do not want people who pay taxes to carry all the burden of the state spending. We want entities or individuals who are not contributing to come forward and pay their taxes."

Cubas Grau did not want to comment on whether there was an increase in tax evasion.

The new minister said the plan to reactivate the productive sector and the program of agricultural diversification remain in effect.

Cubas Grau said we are talking about nearly \$230 million, out of which \$190 million will be used exclusively to help productive activities while \$40 million will be used to improve the soil with lime.

Regrettably, it takes time to obtain this type of credit. They require studies that must be approved by credit organizations.

The minister said that the government wanted Congress to approve the external bonds law as a way to obtain funds more quickly in order to begin the productive program as soon as possible.

Paraguay: Chances for Paraguay, Uruguay in Mercosur Viewed

PY1204221796 Asuncion Cerro Cora Sistema

Nacional de Television Network in Spanish

1610 GMT 12 Apr 96

[Speakers identified by screen captions]

[FBIS Translated Text] [Anchorwoman Stella Rufinelli] Strategies that involve the economic and industrial sectors, and the transfer of technology will be implemented by the small Mercosur [Common Market of the South] countries — Paraguay and Uruguay — to help them keep up with their two powerful partners, Argentina and Brazil.

[Reporter Manuel Cuenca, over video] The membership of Paraguay and Uruguay within Mercosur was a natural and irreversible process that could leave the two countries at a disadvantage, especially due to the large

volume of trade and the industrial capability of their two larger partners, Argentina and Brazil.

These two countries continue to implement common strategies that have yet to be incorporated into Mercosur.

The two small countries have now refined plans to overcome their disadvantage through the visit of Uruguayan Foreign Minister Alvaro Ramos and the Uruguayan negotiators within Mercosur, who will meet soon in Buenos Aires.

[Paraguayan Vice Industry Minister Guillermo Sosa] Logically, countries like Paraguay and Uruguay, the smaller Mercosur members, need to coordinate our interests in such a way to obtain better results in the negotiations.

[Cuenca] Paraguayan and Uruguayan complementation seeks to achieve a greater exchange of bilateral trade through the private sector.

They also plan to seek complementation in the economic and industrial sectors, and in the transfer of technology. This will also include aspects pertaining to cultural and tourism sectors.

Regarding the transfer of technology there is an intention to obtain much more technical cooperation from developed countries.

These coordination tasks between Uruguay and Paraguay through our Industry and Commerce Ministry will help the two smaller partners to have more advantages.

Paraguay: New Newspaper Published in San Lorenzo

PY1204222596 Asuncion ABC COLOR in Spanish
12 Apr 96 p 46

[Report by correspondent Virgilio Silvero A.]

[FBIS Translated Text] San Lorenzo — The "University Campus" now has a newspaper called LA SEMANA. Its director said the objective of this newspaper is to inform the population of everything that happened during the week and to promote upcoming young people.

Milton Sigfriel, the newspaper's director, said: "We, a group of local journalists, have made great efforts to give the population interesting information that is not published in the capital's newspapers due to the lack of space." He added that they want to promote upcoming young people that emerge from the various levels of society and who need support.

Sigfriel stressed that the newspaper is a space for free expression by all the people of San Lorenzo.

Peru

Peru: Fujimori Announces Talks With Chile on 1929 Treaty

PY1604115796 Madrid EFE in Spanish
0001 GMT 16 Apr 96

[FBIS Translated Text] Lima, 15 Apr (EFE) — Peruvian President Alberto Fujimori confirmed today the resumption of Peruvian-Chilean negotiations to implement the pending points of the 1929 Treaty after the meeting held by the Peruvian and Chilean foreign ministers in Bolivia.

Peruvian Foreign Minister Francisco Tudela and his Chilean counterpart Jose Miguel Insulza have decided to put aside the Lima Conventions and to resume the talks to implement the pending points of the Chilean-Peruvian 1929 Treaty. The agreement was reached during the meetings held by Tudela and Insulza in Cochabamba, Bolivia, during the Rio Group-European Union meeting.

The Lima Conventions were signed on 11 May 1993 to seek a solution to the pending points of the 1929 Treaty and its Complementary Protocol but in August 1994 the Peruvian Government decided to withdraw the document from Congress to make a more detailed study.

Fujimori told the media, after visiting a Lima district, that the meetings held by Tudela and Insulza in Cochabamba represent the resumption of the negotiations and that the Lima Conventions have been set aside.

This agreement put an end to the deterioration of relations between the two countries after Peru decided to set aside the Lima Conventions in 1995.

According to a communique of the Peruvian Foreign Ministry, the two foreign ministers thoroughly evaluated the reasons why the Lima Conventions were not ratified by the Peruvian Congress.

Tudela and Insulza agreed to formally resume the negotiations regarding delivery of the facilities and zones built by Chile in Arica for the service of Peru, within the framework of the 1929 Treaty and its Complementary Protocol.

Peru: Tudela Says Lima Conventions 'No Longer Valid'

PY1704032896 Lima America Television Network
in Spanish 0100 GMT 17 Apr 96

[FBIS Translated Text] Upon returning from Cochabamba, Bolivia, Foreign Minister Francisco Tudela confirmed today that the Lima Conventions, which he labeled as inappropriate, are no longer valid.

He also praised the good predisposition of the Chilean Foreign Ministry to resume bilateral talks.

[Begin recording] [Unidentified reporter] In a news conference held upon his return from Cochabamba, Tudela noted the achievements of our diplomacy by giving details of the talks held with his Chilean counterpart Jose Miguel Insulza and confirmed that the Lima Conventions have definitely been set aside.

[Tudela] First of all, what we decided was to set aside the Lima Conventions, and in this regard the Peruvian and Chilean Governments will seek a practical and concrete formula related only to the facilities linked to the pending obligations of the 1929 treaty.

[Reporter] Tudela also said that the length of the negotiations between the two countries cannot be determined, but that he witnessed the good predisposition of the Chilean officials in this case. Being careful not to label this decision a diplomatic victory, Tudela said that the Lima Conventions were not appropriate for the progress of the negotiations.

[Tudela] A border treaty cannot be implemented by another treaty. We have many borders and if we had to implement all the obligations derived from those treaties through other treaties, we would become involved in a chain lacking juridical logic. In this regard, we believed, first of all, that the juridical instrument was not appropriate. Naturally, this involved a very long process of consultations with the important participation of the Consultative Commission of the Foreign Ministry and, before that, the 60 sessions held by the Democratic Constituent Congress.

[Reporter] Tudela concluded by saying that Peru will insist on the series of proposals submitted on 3 January of this year through the creation of a mechanism of permanent consultation between the two countries. [end recording]

Peru: Camet Confirms Hike in Fuel Prices

PY1604120196 Lima EXPRESO in Spanish
12 Apr 96 p A22

[FBIS Translated Text] In a statement to EXPRESO, Economy Minister Jorge Camet yesterday denied media reports stating that the IMF had reportedly requested that Peru achieve a primary fiscal surplus of 2.5 percent of the GDP, and to increase the IGV [General Sales Tax] to 20 percent.

Camet categorically stated: "It is not true. It is an invention perhaps concocted to measure the reaction of businessmen. The IMF mission has never requested a 2.5 percent primary surplus, but rather that we overcome the 2.2 percent economic deficit in three years' time. For

1996, it is requesting a primary surplus of 1.5 percent. As has been announced, we will achieve a primary surplus of 1 percent.

IGV

The economy minister also reported that the IMF mission did not request an increase of the IGV by two points, an increase of fuel prices, or the enforcement of a flat rate of 10 points, as has been speculated.

He said: "What the IMF is doing is to ask how we will achieve the surplus we are seeking."

Camet acknowledged that there will be "a slight increase" of fuel prices "to readjust them to previous price levels, which had deteriorated as a result of inflation, devaluation, and an international price increase."

He asserted, instead, that "the IGV will, categorically, not be increased."

More Taxes

Nevertheless, Camet did not reject the possibility of a tax increase.

He warned: "We have to seek ways to increase tax collection and also ways to expedite the state reform. We have no intention of implementing new taxes, but we cannot guarantee this."

He added: "We have no plans for readjusting customs tariffs right now. We are not going to lower them because we cannot do without them."

Verifying Consistency

Camet stated that the administration is working on the supposition of achieving an economic growth between 3 and 4 percent for 1996, an inflation rate between 9 and 11 percent, a tax collection of 14.1 percent of the GDP, and an average rate of 2.50 soles to the dollar, which might reach 2.65 soles by the end of the year.

Regarding the exchange rate, Camet said that "the dollar has increased a couple of points in the last couple of days because the MEF [Economy and Finance Minister] has purchased \$150 million." He added that to achieve the established goal, the BCR [Central Reserve Bank] must hire a good exchange rate operator.

He announced that the agreement with the IMF will be ready by 25 April, at the latest, and that the IMF mission is holding meetings with the various MEF experts and reviewing the situation with regard to tax collection, banks, expenses, etc.

Camet said that Peru has requested a three-year agreement, and that to be able to support it before the IMF

board, the IMF mission must learn about the government's reform plan and verify its consistency.

Peru: Rivalry Between Election Agencies Detailed
96SM0216A Lima CARETAS in Spanish 28 Mar 96

[From the "Undercurrents Column" — received via Internet]

[FBIS Translated Text] Last Tuesday the official gazette EL PERUANO published another resolution of the National Election Board [JNE] revoking a measure by the National Office of Electoral Processes [ONPE]. It had done something similar a few days before. The problem arose when the ONPE tried to take charge of issuing the forms for the registration of political parties and signatures for the national referendum that the oil workers are seeking to call. The JNE maintains that it alone is authorized to discharge such functions, and that the only thing the ONPE can and should do is design and print up the voter ID documents, the election certificates, and other electoral materials, once elections have been called.

CARETAS spoke with Jose Portillo, the head of the ONPE, and with Ricardo Nugent, the president of the JNE. Portillo said that he would abide by the Board's resolutions: "I have neither challenged nor tried to correct a JNE resolution. The only thing I've said is that there was a jurisdictional dispute, because the law is not clear, not specific." The jurisdictional dispute will presumably be brought before the Constitutional Division of the Supreme Court.

As far as the president of the JNE is concerned, however, the dispute is "settled," since the JNE is the final, unappealable authority in electoral matters. "If they want to go before the Constitutional Division, they can do so, but this is over now," Nugent contends.

Although Portillo admits that he cannot revoke the JNE's resolutions, he continues to believe that he is in the right. "The organic law of the ONPE empowers me to design the voter ID document, the election certificates, the forms, and any other electoral materials," he asserts. He goes on to say that "my sin is that the ONPE is trying to modernize the electoral process; one of the things that hurts is that the ONPE has run the best elections in the country's history" — a reference to the 1995 municipal balloting.

He immediately added, however, that "this does not mean that it has not been full of mistakes. You people from CARETAS have even showed me how to improve them; the next time, there is going to be a commitment, as the suppliers are going to sign a document guaranteeing that they are not linked to any

candidate," he stated, recalling the complaint that this weekly magazine made about the past elections, when a company of former Minister Efraim Goldenberg, a partner of Jaime Yoshiyama, was hired to "scan" the election certificates.

The dispute with the JNE is not over, however. In resolution 113-96 the Board authorized the public prosecutor to file criminal charges against the head of the ONPE — which he has already done — arguing that Portillo had committed the crimes of usurping functions and abusing his authority. Although this case is a separate matter, it could conclude with the National Council of the Magistrature removing Portillo; the council appointed him to the post for a four-year, renewable term. Portillo is confident that this will not happen, reaffirming that his main task is to bring our elections into the computer age, which he says he is now doing.

The president of the JNE has also been challenged, since this past 15 March he turned 70 years of age. Under Article 12 of the JNE's organic law, the age limit for Board members is 70. However, the first temporary provision of the law says that the disqualifying factors provided for in this article do not apply to the current members of the JNE.

According to some people, though, this provision contravenes Article 180 of the constitution, and thus Nugent would have to step down as president. Nugent disagrees. "The constitution says that in order to be appointed, at the time of the election no one can be less than 45 or more than 70 years of age, and the organic law says that the disqualifying factors in Article 12 do not apply only to the current Board. In any event, the Board would have to make a pronouncement."

Two persons who will indeed be up for election, under the law, are Romulo Munoz Arce, delegate of the Lima Bar Association, who will run for reelection on 19 April, and Walter Hernandez, representative of the Law Departments of public universities, who will also be seeking reelection.

Peru: Poll Shows Private Hopes Down
96SM0216B (Internet) Peru DESCO Gopher
in Spanish 21 Mar 96

[From DESCO Resumen Semanal 13-19 Mar]

[FBIS Translated Text]

Disturbing Polls

According to an opinion poll conducted in metropolitan Lima by Apoyo, S.A., a very large segment of Peruvians

(37 percent) feel for the second straight month that their economic situation is worse than a year ago — compared to just 19 percent who think the opposite — while 44 percent say that it is the same; thus, 82 percent feel that it is the same or worse. Hence, the approval rating of the government's economic policy is down 10 percent, from 49 to 39. The performance of the economy and finance minister, Jorge Camet, has a 36-percent approval rating, down 7 from February, while his disapproval number is up to 40 percent. Another significant finding of the poll is that for the first time another public figure is more popular than President Alberto Fujimori. We are talking about the mayor of Lima, Alberto Andrade, who got a 71 percent approval rating in March, up 9 from the previous month. Fujimori, in contrast, has a 64 percent approval rating in March, down 2 from February, when it was 9 points lower than the month before; while those disapproving of his performance have increased to 25 percent (most newspapers, 20 March 1996).

Commenting on this news, Manuel D'Ornellas indicated: "Once again President's Fujimori's approval rating has fallen according to the poll that Apoyo conducts in Lima every month. This time the decline is two points, on top of the nine in February. That makes a total of 11 percent in 60 days, putting the president's popularity at 64 percent. The decline has to do with the criticism of economic policy. Approval of the policy went from 49 percent in February to 39 percent in March, a very sharp 10-point drop. And while the president continues to fall, Mayor Andrade is on the way up, and with great drive. He rose nine percent from one month to the next, and his approval rating now stands at a lofty 74 percent. So then, the intersecting curves in the poll we mentioned suggest that there is some link between the chief of state's scornful lack of interest in Lima's municipal problems, now that his candidate has lost; the rise in Andrade's popularity; and the decline in the president's approval rating" (EXPRESO, 19 March 1996).

Peru: Doctors Warn of Economic Policy's Impact

96SM0216C (Internet) Peru DESCO Gopher
in Spanish 21 Mar 96

[From DESCO Resumen Semanal 13-19 Mar]

[FBIS Translated Text]

Smaller Contributions to IPSS (Peruvian Institute of Social Security)

The Medical Association of Peru, the Peruvian Medical Federation, the Medical Association of the IPSS, the National Association of Physicians of the Health Ministry,

and the National Association of Interns of Peru have issued a declaration titled "The Medical Profession in Defense of Health and Social Security." In it they state: "In light of the announcements that Economy Minister Jorge Camet Dickman has made about the reforms that the government is preparing in the field of health care and social security, we consider it our unavoidable duty to state the following. Any cuts in the contributions to the IPSS health care system will further weaken this institution, harming the more than seven million Peruvian beneficiaries. Therefore, it is imperative to restore the dual financing of the system by decreasing the workers' contribution to the pension system, which they have financed in its entirety since 1995. Health Ministry and IPSS officials must be redefined, so that they truly further the development of the health care sector, on the basis of the democratic consensus that existing laws require through their creation of the National Health Council. The failure to comply with these laws is the main reason why it has not yet been possible to develop a national system of universal health care that can provide high-quality service equitably and in solidarity. It is unfair and insensitive to propose resolving the mounting difficulties of the economic program at the cost of the population's health and social security." (EL COMERCIO, 3 March 1996)

For its part, the Council of Deans of Professional Associations of Peru states in its declaration: "The economy minister has announced a redefinition of the role of Social Security and a cut in contributions to it. If approved, these moves will lead to its steady weakening, and will adversely affect health care for workers and their families. In light of this, the Council of Deans resolves: To urge the prompt enactment of the draft Health Code so that its up-to-date provisions can promote improvements in health care and the quality of life; to call for the immediate establishment and operation of the National Health Council, to be appointed by the Medical Association of Peru; to propose that the representative of the other professional health-care associations on the council, as set forth in Legislative Decree No. 584, Article 11, Clause i), be elected annually on a rotating basis by the Council of Deans; and to demand that changes be avoided in the system of health care benefits under Social Security unless the health-care sector has analyzed them in advance and proposed them and unless they are approved by the three parties to the IPSS: the State, the workers, and the employers." (EL COMERCIO, 17 March 1996)

Peru: Long Road to Ombudsman Detailed

96SM0216D Lima LA REPUBLICA in Spanish
29 Mar 96

[Received via Internet]

[FBIS Translated Text] Congress has chosen Jorge Santistevan as the first ombudsman by a vote of 95 to 6, with 8 blank ballots and 1 invalid one.

Arequipa attorney Jorge Vicente Santistevan is the first ombudsman. His election yesterday by Congress had been taken for granted, and thus there was no major suspense. Perhaps the only surprise was the overwhelming number of yes votes (95), which easily exceeded the two-thirds required (80). There were six votes against him, in addition to eight blank ballots and one that was invalidated.

Only the congressional blocs of Apra [American Popular Revolutionary Alliance] and United Left [IU], in addition to Congressman Jorge Donayre Lozano from the Union for Peru [UPP], declared openly that they would vote against him.

APRA did so presumably because he was the administration's candidate; the IU because it was not familiar enough with him; and Donayre because he sensed a shady deal and also criticized the fact that Santistevan's name appeared differently in several documents, seeing this as the sort of negligence that is unbefitting someone who will be performing a delicate job.

It was a secret vote, each congressman placing his ballot in a box in the middle of the chamber. The ballots were read out by the president of Congress, Martha Chavez, and watched by lawmakers Edgar Nunez of Apra and Dennis Vargas of the Peru Group, who served as vote-counters.

Once the outcome was verified, Martha Chavez announced that next week the Steering Committee would decide the time and day when the 51-year-old Santistevan would be sworn in as ombudsman.

The post of ombudsman was established by the Constitution of 1993, which took effect in January 1994.

Santistevan's election put an end to a series of forward and backward steps, mainly by the ruling party's bloc and certain opposition representatives.

The first backward step by the ruling party came last year, when it became obvious that the administration was going to veto the ombudsman bill because it felt that he was being given excessive power.

Initially, the ombudsman was even authorized to enter military barracks to check on the status of human rights

there, and to ask or compel ministers or any other government official to testify.

The bill was amended, as proposed by the ruling party's majority, and the ombudsman's powers were scaled back. This was not the last stumbling block, however. Late last year, when everything was ready for the election, Congressman Fernando Olivera accused several of his colleagues in the opposition of having colluded with the ruling party, in a sort of logrolling, to elect the ombudsman and the members of the Constitutional Court.

The election effort fell through, as none of the candidates (including the current justice minister, Carlos Hermoza Moya) received the necessary two-thirds of the vote, thus showing that Olivera's charges had an effect not only on the opposition but also among the ranks of the ruling party.

The Candidate Screening Committee had to resume its work, after another call for candidates was issued, and completed this exhausting task last week. Then came the surprise announcement that with the exception of Apra's Jorge del Castillo, who was abstaining, Santistevan de Noriega had been approved almost unanimously as the candidate. He was, in effect, the consensus candidate and, at the same time, the only one.

The next day, Donayre of the UPP tried to challenge Santistevan, first because he considered it suspicious that a vote was taken on only his candidacy when he was eighth on the list, and second because he noticed that the candidate's name appeared in some documents as "de Noriega," in others as "y de Noriega," and in still others as simply "Noriega."

A keen-eyed reporter for the paper LA INDUSTRIA of Chiclayo later discovered that the candidate's paternal surname did not appear in the electoral booklet, which Donayre had not noticed. As a footnote, yesterday the Chief Administrative Office of Congress added another element of confusion to the story when on the agenda for the session it spelled Dr. Santistevan's surname with a "b" instead of a "v."

These objections were surmounted, however, when the chairman of the Screening Committee, Carlos Torres y Torres Lara, submitted a new set of documents in which the candidate's name appears as it should.

Torres also refuted the argument about the committee's supposed favoritism, clarifying that there was no order of priorities, and that if the only votes were for this candidate, it was because Congresswoman Beatriz Merino had expressly so requested, receiving unanimous support from the other lawmakers.

Jorge del Castillo claimed that there had been irregularities in the election and that therefore Drs. Francisco Eguiguren and Mario Roggero had withdrawn as candidates. Torres disproved this as well, simply mentioning that their letters of withdrawal cited personal reasons.

Thereupon Congressmen Fernando Olivera, Jorge Avellan, Javier Alva Orlandini, Manuel Lajo, Rafael Rey, Henry Pease, Jose Barba Caballero, Antero Flores Araoz, and Harold Forsyth argued in favor of electing Santistevan as ombudsman not only because he is a capable, efficient professional but also because he is intelligent and honest and cultivates dialogue and consensus-building.

Peru: First Ombudsman Claims 'Autonomy'
96SM0216E Lima LA REPUBLICA in Spanish
29 Mar 96

[Received via Internet]

[FBIS Translated Text] The brand new ombudsman, Jorge Santistevan de Noriega, said in a written declaration last night that his first task would be to build an efficient Ombudsman's Office that meets the needs of citizens, especially the least well off.

He indicated that in the near future he plans to put together a competent staff that can have the Ombudsman's Office up and running soon.

He added that this entails a commitment, which he fully accepts, to begin a process of open dialogue, information, and instruction about the office's functions.

"My ambition is that the citizenry and the community will be able to establish ties with the office and, looking to the future, obtain effective responses for the protection of their rights," he said.

Santistevan also stated that now that he has been chosen ombudsman, he wants to underscore his gratitude to Congress for bestowing this honor on him — reaffirming his commitment to act "with the responsibility, calm, and autonomy that the post demands, reassured by the consensus that was achieved. I propose to do so while abiding by the dictates of ethics and the mandate of the constitution and the law."

He also said that "this is the first time that we have had the autonomous institution of the ombudsman. It comes at a time when we Peruvians are bent on consolidating democracy, moving ahead into the modern age, and overcoming the consequences of violence."

He went on to say that the success of the mission with which he has been entrusted requires progress in governability and the building (with help from the Ombudsman's Office) of institutions that focus on the

dignity of the individual, defense of human rights, and the good of the community."

Santistevan said, moreover, that the exhausting, challenging task with which he has been entrusted entails a steadfast exercise of persuasion, based on his office's ethical foundation. "In this context, it becomes necessary to act constructively along with the various public institutions, while also relating our daily work to civil society."

As for the mass media, he feels that they are primary channels of communication between the Ombudsman's Office and society.

He announced that he would therefore establish special working relations with the mass media as soon as he is sworn in.

Peru: SNI Calls for 'Fine-Tuning' Economic Policy
96SM0216F (Internet) Peru DESCO Gopher
in Spanish 21 Mar 96

[From DESCO Resumen Semanal]

[FBIS Translated Text] The National Industries Association has stated in a press release: "The trend in the main economic indicators over the past few months has caused understandable, growing concern. In light of the critical situation, we consider it necessary to state the following. The fine-tuning needed to hone the Economic Program is altogether urgent and indispensable. We feel that the fine-tuning of the Economic Program must include the following measures and actions: the definitive implementation of a graduated tariff structure, the elimination of cost overruns, the establishment of an institutionalized system with the effective participation of the private sector, the execution of a resolute, coherent program to promote national exports, and the enactment of laws enabling companies to put their economic and financial house in order." (GESTION, 18 March 1996)

Peru: Changes to Participatory Law Discussed
96SM0225A (Internet) Peru DESCO Gopher
in Spanish 11 Apr 96

[From DESCO Resumen Semanal]

[FBIS Translated Text] On 2 April the Constitution and Bylaws Committee of the legislature passed a bill submitted by Congressman Gilberto Siura amending Articles 13, 15, and 16 of Law 26,300 — the Law on the Rights of Citizen Participation and Control. Under Siura's bill, "a bill that has been defeated in Congress may be submitted to a referendum, provided that at least one-third of the legal number of members of Congress have voted for it." In this regard, Henry

Pease (UPP [Union for Peru]) asserted that the bill "is designed to subordinate the will of a million Peruvians to one-third of the Congress. Passage of this bill would distort one of the new positive contributions of the 1993 Constitution." Pease remarked beforehand that the bill had been submitted "because most people know that a referendum on the issue of Petroperu is on the way, and 70 percent of the population is opposed to its sale." He contended that an effort is being made to pervert the meaning of the popular consultation and prevent the people from taking a stand on an issue or a law. He recalled that the Citizen Participation and Control Law, which they are now trying to amend, was passed unanimously by Congress (most newspapers, 3 April 1996).

The representatives of the majority bloc, Change 90-New Majority (C90-NM), submitted as many as three bills the last full session of Congress to amend the Citizen Participation and Control Law. Initially, Gilberto Siura's controversial bill proposed that referendum petitions have the backing of at least ten percent of the voters (around 1.2 million) and be approved by a third of Congress — that is to say, 40 lawmakers. During the political debate, however, Carmen de Gamboa made another proposal to the effect that a two-fifths vote of Congress (46 votes) be required to approve a referendum petition. But then her fellow coalition member, Carlos Ferrero Costa, suggested that the minimum number of signatures required in the Citizen Participation and Control Law be raised from the current 10 to 20 percent of the electorate. (EL COMERCIO, 5 April 1996)

Martha Chavez: "A Mistaken Approach"

On 7 April the president of Congress, Martha Chavez Cossio, indicated that her bloc is not trying to abridge the constitutional rights of the residents who request a referendum, but rather to clarify the Citizen Participation Law. During Channel 5's program "Panorama," she justified the bill that ruling-majority Congressman Gilberto Siura Cespedes submitted. "We are clarifying the proper application of a constitutional instrument that was an innovation of this very congressional majority," she emphasized. She voiced the opinion that a referendum is a mechanism that seeks to amend the constitution or the law. She added that those who are endeavoring to use it to prevent the privatization of Petroperu are making a mistake in their approach, because what authorizes the sale is not a law but rather a generic provision for the entire privatization process. She said that those opposed to the sale should propose a law that excludes Petroperu from the privatization of state-run enterprises. Separately, the Constitution Committee will be debating a bill submitted by lawmaker Jorge Trelles, under which

the sale of Petroperu is to be regarded as an item of budgetary interest and thus one which cannot be put to a referendum. (most newspapers, 8 April 1996)

Proposal From Jorge Trelles

According to Congressman Jorge Trelles Montero (C90-NM), the proceeds from the privatization of state-run enterprises, Petroperu among them, are part of the General Budget of the Republic. Consequently, in strict compliance with the provisions of this article of the constitution, the sale of Petroperu cannot be put to a referendum. In fact, as far as Congressman Enrique Chiniros Soto (R) is concerned, Trelles' proposal is unnecessary. He explained that the constitution permits a referendum to approve only regulations that have the status of law, not political decisions such as the privatization of Petroperu (EL COMERCIO, 8 April 1996).

On 8 April Congressman Gilberto Siura (C90-NM) announced that his bill on referenda is being amended to require the prior support of 48 congressmen, two-fifths of the total number, not 40. He said that he had agreed to the change suggested by his colleague Maria del Carmen Lozada de Gamboa. "We remain resolute," Siura told newsmen (LA REPUBLICA, 9 April 1996).

Peru: Broad Denunciation of Law Change Noted

96SM0225B (Internet) Peru DESCO Gopher
in Spanish 11 Apr 96

[From DESCO Resumen Semanal]

[FBIS Translated Text]

"Broad Civic Backing"

EL COMERCIO (6 April 1996) reports: "The delicate issue of privatizing Petroperu threatens to become extremely politicized and to go beyond the exclusively technical sphere in which it ought to remain. On the one hand there is the position of the Executive Branch, which seems prepared to carry out its privatization intentions at all costs, without taking citizen preferences into account. It is regrettable that once again the progovernment majority in Congress is lending itself to a game that will lead to violations of the constitution and the law. Indeed, at this time there are two bills designed to complicate the requirements for holding the referendum that certain sectors are calling for in connection with the privatization of Petroperu. The proposal is that, besides the many signatures required, the petition be approved by one-third of the legal number of congressmen. This is a truly illogical position, because above and beyond

the numerical implications, it means completely vitiating the referendum as a popular consultation. An obvious attempt is being made to erect obstacles to a form of direct democracy that is enshrined and described in the constitution itself. The national debate ought to proceed — because, whatever the final decision in this matter, the government must act pursuant to a broad base of political and social support, not just in response to ad-hoc decisions and interests."

"Illusion of a Direct Democracy"

Mirko Lauer (LA REPUBLICA, 7 April 1996) comments: "The last thing that an authoritarian government can tolerate is referenda at times and on issues that it has not determined. The secret of Napoleon III's referenda was just this: he chose when and on what the French electorate ought to opine. This is how he managed to win plebiscites and keep a false direct democracy in place. The referendum on the privatization of Petroperu could not be more untimely for Alberto Fujimori. It is being proposed at precisely a time when he is going to have to start making off with all of the State's silverware and hustle it over to the IMF's and the World Bank's pawnshops. To put it differently, a no vote would prevent him from handing over what he has already sold. This is why Fujimori is now having to eat his own words — his praise for direct democracy every time the democratic parties lose another inch of electoral ground, his comments on majority support to justify actions such as the coup d'etat, and his purported total identification with the will of the people. The referendum on Petroperu is inopportune for Fujimori because it heralds the end of the illusion of direct democracy, points up fundamental contradictions between the government's economic course and the trends in the will of the people, and demonstrates that applause was not essential for the coup d'etat."

"His Fear of Defeat"

LA REPUBLICA (7 April 1996) notes: "The ruling majority's barefaced maneuvers in Congress to try and prevent the citizenry from voicing its opinion freely in a referendum on the privatization of Petroperu are a surprise to no one. They merely illustrate the total insincerity of those who paid lip service to mechanisms of direct democracy, but who are now prepared to apply them only when it suits them. As Congressman Henry Pease rightly put it, it is unheard of to try and impose the will of 40 congressmen (in other words, the will of those at the top, no matter how respectable they might be) on the will of millions of citizens who want a referendum. What we have here is nothing other than the sinister determination of the ruling majority to prevent a popular consultation any way it can. It is

true that a few days ago the effort backfired on them, as they were unable to secure the 61 votes they need to pass the law. But we can assume that they will renew their attack at the next full session, call for another vote, and assert the strength of their numbers over the arguments of the opposition, which has denounced the maneuver. All is apparently fair in the effort to prevent the referendum, even arguments as quaint as the one essayed by Congressman Carlos Torres, who claims that "the consultation is expensive." The retort to the representative of the majority who is now so savings-minded should be that such an argument could never be used in a consultation. The obstacles that the ruling majority is trying to place in the way of the popular consultation show quite clearly their lack of support and their fear of defeat. They also show that the opponents of privatization have already won."

"What Cannot Be Done..."

EXPRESO (8 April 1996) comments: "On Wednesday 3 April, Congress debated a bill to amend the Citizen Participation Law. It is distressing to see the majority change the rules of the game in midstream, in a bid to thwart a referendum. They should know by now that there are some things that cannot be done, out of respect for the workings of democracy and the country. The rules cannot be changed just because they think they might lose. However, it makes no sense to put the privatization of Petroperu to a referendum, either. This is a specific administrative decision that is not a legal issue. Petroperu is being privatized so that it does not once again become the fiscal burden that it was until recently. Hence, to hold a referendum on the sale of the enterprise would set a disastrous precedent — because then, any program or action by the Executive Branch could be challenged, thus jeopardizing the governability of the country. Moreover, the administration ought to retake the initiative in privatization. What it cannot do, in any event, is to change the rules in the middle of the game."

"A Worrisome Issue"

GESTION (8 April 1996) comments: "Several developments in connection with the privatization of Petroperu suggest that it will again be the focus of zealous, aggressive efforts by the government and the opposition. First, of course, we have the symbolism of Alberto Pandolfi's promotion to premier. It is obvious, and generally understood, that Pandolfi's appointment carries an unequivocal message. Second, the battle lines have already been drawn in the legislature, where bills obviously designed to block a referendum on the sale of Petroperu have been submitted. The issue is a worrisome one, as the new 'Siura bill' vitiates an institution

of direct democracy that was precisely one of the most applauded innovations of the 1993 Constitution. If the Executive Branch wishes to avoid a referendum, it has an obligation not to fall prey once again to the temptation of trampling on democratic institutions in order to solve its problems with one stroke of the pen. To this end, it must advance convincing arguments. It has been said, for example, that the sale of Petroperu, which is an economic-policy decision, is not covered by Article 30 of the constitution, which describes the cases in which a popular consultation is warranted. If this is so, then it is up to the administration to defend its plans while restricting itself to the judicial instruments provided for in the constitution; because if holding a referendum would send the wrong message overseas, the administration would be sending an even worse one if it were to become accustomed to changing the rules of the game to solve its problems."

Venezuela

Venezuela: Central Bank To Allow Interest Rate Flux

PA1604162196 Caracas Venezolana de Television Network in Spanish 0230 GMT 16 Apr 96

[FBIS Translated Text] The Central Bank of Venezuela (BCV) has issued a communique confirming that the Board of Directors will permit interest rates to fluctuate freely so that they can be determined by market demand. The measure will go into effect at savings and loans and credit card companies and will be part of the adjustment plan that local authorities have prepared. Interest rates for the agricultural sector will stand at 85 percent of the average active interest rate that the six banks with a bigger deposit volume charge. BCV's discount, rediscount, and advance rates will be established on 17 April. The remunerated legal deposit method will be eliminated. These are some of the measures to be adopted to ease inflation. President Rafael Caldera will also authorize Finance Minister Luis Raul Matos Azocar to sign an exchange agreement with BCV on 17 April. The agreement will define the terms of the exchange rate control elimination and the new free convertibility system.

Venezuela: Priority Programs Funded With 'Macro-Credit'

PA1504032496 Caracas Venezolana de Television Network in Spanish 0230 GMT 13 Apr 96

[Report by William Bracamonte and Zayda Pereira]

[FBIS Translated Text] [Bracamonte] The national government will guarantee the approval of funds to cover priority issues in the country, such as the family subsidy,

public sector payments, and teachers' salaries, through a macro-credit.

[Pereira] The economic cabinet approved the request for a macro-credit of 823 billion bolivares during its meeting on Friday. The sum includes a series of credits that will cover priority issues. For example, 154.5 billion bolivares will be requested to double the family subsidy; 178 billion bolivares will be included for social programs; pensioners' monthly paychecks will increase from 14,000 bolivares to 34,000 bolivares; and day care centers' income will go from 19 billion to 34 billion bolivares. The amounts will be discussed at the council of ministers next Wednesday and will be immediately sent to Congress with all the supporting paperwork.

[Begin Central Budget Office Director Rodrigo Peraza] The first group involves additional credits totaling approximately 820 billion bolivares, financed by the source we previously announced, meaning the increase in oil by-products, dividends Venezuela may get, and an increase that has been included in certain revenue sources. [end recording]

[Pereira] Bank representatives also met with economic cabinet members and IMF representatives. Both the president of the Banking Council and the Banking Association, as well as various bankers, listened to explanations about interest rates and the possibility of receiving aid from the government.

Venezuela: Congress Authorizes Sale of CANTV Shares

PA1404032496 Caracas Venezolana de Television Network in Spanish 1530 GMT 12 Apr 96

[Report by Pedro Prado]

[FBIS Translated Text] Congress has authorized the beginning of the process to sell 49 percent of the CANTV [National Telephone Company of Venezuela] shares the state owns. It is a plan that will be carried out through the Venezuelan Investments Fund. Pedro Prado reports:

[Prado] The Bicameral Finance Commission has unanimously approved the sale with the condition that the new contract that must be signed with the selling company stipulate that the state not be responsible for failures, rescind its exclusive rights, and eliminate the 4.5 percent the company in charge of negotiating the shares package would receive:

[Begin Bicameral Finance Commission President Jose Angel Oropeza Ciliberto recording] Most of us considered authorizing the beginning of the process by estab-

lishing the norms that must be carried out for the definite authorization of the sale. [end recording]

[Prado] Only one person in the parliament has opposed this sale. Paciano Padron believes a step backward was taken with this transaction:

[Begin Padron recording] I have always favored privatizations. I supported the privatization of the CANTV in Congress in November 1991. I now feel that matters have not been resolved as expected. I believe the company is being handled for the benefit of a group, not the majority. [end recording]

[Prado] In this privatization wave, the Finance Commission and Congress also have agreed to approve the sale of the Bella Vista Hotel located on Margarita Island.

Venezuela: Interior Minister Views Adjustment Measures

PA1404004496 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 12 Apr 96 p 2

[Report by Carolina Hidalgo]

[FBIS Translated Text] Interior Minister Jose Guillermo Andueza has said Venezuelans will not enthusiastically welcome the adjustment measures President Rafael Caldera will announce in the coming week, but Venezuelans will "resign" themselves to the measures.

"We are convinced Venezuelans will not be excited, as the government itself is not excited over the implementation of the measures, but it has resigned itself."

Andueza has said the government has done everything in its power to explain to the country the need to document the adjustment plan. Therefore, the various sectors are expected to adopt an attitude of agreement and understanding.

Andueza was asked about the possibility of adopting security measures in case any social disturbances erupt.

Andueza responded that he met with Rafael Rivas Ostos, chief of the Disip [Directorate of Intelligence and Prevention Services], yesterday. Rivas confirmed that the country was in total peace.

"I was talking with Rivas all morning, and he told me the whole country was in peace, thus no need for any preventive plan."

In this way, Andueza discarded the information spread in political circles about the alleged confinement to quarters of the National Armed Forces in case of an emergency.

Andueza stressed that the government at present has no special plan for 15 April, as all security and domestic

defense strategies were designed a long time ago. They have been adapted to various situations.

"The security plans were developed a long time ago. They will be used according to the circumstances," Andueza said.

He said the government has developed security strategies according to the level of emergency: "There are plans for minor, medium, and serious emergencies."

He reiterated throughout the interview, however, "the country is in absolute calm."

Illegal Aliens

Andueza said the new Immigration Commission will begin sessions the upcoming week with the foreign, defense, agriculture, livestock, and border affairs ministers, together with members of the Border Affairs Commission.

According to Andueza, this commission will be in charge of drafting a strategy that establishes the requirements to give legal status to illegal aliens.

In that regard, Andueza said illegal aliens should follow a number of basic requirements to receive legal status: The person must demonstrate he has been a resident of the country for a minimum of one year, present documents to the authorities demonstrating he holds a job and has children born in Venezuela.

"This last point, Andueza said, is startling, because we see that a large number of children without legal status live in Venezuela. This is a violation of the human rights of children and of the UN International Convention on Children's Rights. I believe we have to find a solution to this situation, or the international community could criticize Venezuela."

Andueza added that opposition to this proposal is groundless, because he believes "the program will be a success as long as we are able to give legal status to this group of illegal aliens and implement measures to stop these people from entering the country at the border."

Venezuela: Legal Help Against Orlando Castro Sought

PA1304024796 Caracas Venezolana de Television Network in Spanish 0230 GMT 12 Apr 96

[Report by Beatriz Hernandez — passages within quotation marks are recorded]

[FBIS Translated Text] The depositors of Banco Progreso Internacional, headquartered in Puerto Rico, have demanded the legal assistance of the Attorney General's

Office in undertaking a lawsuit against Orlando Castro in the United States.

[Hernandez] The 450 depositors who had to form a class action group to face Orlando Castro's corrupt empire lost \$13 million they had placed from our country in certificates of deposit and checking accounts in Puerto Rico, but they are demanding the assistance of the attorney general of the Republic because they have been unable to recover even 30 percent of the deposits:

[Mayra Mendoza, president of the Association of Depositors of Banco Progreso Internacional] "We are also hoping that they will somehow legally help, support, and assist us over there, because the hourly fees charged by attorneys in the United States are quite high; therefore, we are in no financial shape to assume this cost."

[Hernandez] Attorney General Jesus Petit da Costa, who has agreed to provide the demanded assistance, has said Orlando Castro's scheme has even included phony checks that have allowed deposits to be transferred as far as Miami without the approval of unsuspecting depositors:

[Petit da Costa] "Here, at the bottom, it reads: to be paid by Banco Atlantico, but the person did not

open an account with Banco Atlantico but, rather, with Banco Progreso Internacional. What has happened was that Banco Progreso Internacional [words indistinct] accounts of this type. Here is one of the aspects of this fraud that will be punished by the U.S. authorities."

[Hernandez] As is known, the funds were also transferred to Banco Progreso, Panama Branch, to evade the controls of the U.S. authorities in Puerto Rico. These officials have not assumed any responsibility for these seemingly phony transactions that took place in Panama:

[Felipe Pena, depositor of Banco Progreso Internacional in Puerto Rico] "This was sent in November 1995, and we have yet to receive any answer from either the Panamanian authorities or the Panamanian Banking Commission."

[Hernandez] Four of the members of this class action group of people affected by the scheme contrived by Orlando Castro have already been summoned by the New York Prosecutor's Office to provide proof that would allow the authorities to try this banker of Cuban origin once and for all.

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